U.S. DEPARTMENT OF ENERGY

OFFICE OF INSPECTOR GENERAL

Fiscal Year 1996 Annual Work Plan

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Department of Energy

Washington, DC 20585

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The Office of Inspector General (OIG) Annual Work Plan summarizes work to be performed in Fiscal Year (FY) 1996, including ongoing projects from previous fiscal years which will be continued into FY 1996. Much of the information in the OIG Annual Work Plan is taken from the individual annual work plans issued by the Deputy/Assistant Inspectors General and from the two Office of Inspector General Semiannual Reports to Congress issued in FY 1995.

It is recognized that many external factors influence the accomplishment of work in the OIG Annual Work Plan, as well as the scope or depth of coverage devoted to any given project. Taking these external factors into consideration, the OIG Annual Work Plan depicts significant areas and issues within the Department of Energy which will be subjects of the OIG's efforts. The overall purpose of the work presented in this Plan is to evaluate the efficiency and effectiveness of Department programs and operations, to assist management in improving its management controls, and to facilitate the achievement of goals and strategies established in the Department's Strategic Plan.

The FY 1996 OIG Annual Work Plan is distributed to Department senior managers and OIG managers/supervisors to provide a summary perspective on the total activities of the OIG. The Plan is also available upon request to the general public.

John C. Layton
Inspector General

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FOREWORD

As part of our response to the National Performance Review, the Office of Inspector General has continued to re-engineer its processes and to fully participate with the Department of Energy in achieving new ways to do more with less. We re-examined our own organization and practices and implemented new initiatives to further enhance productivity, raise the quality level of our products, increase customer satisfaction, and reduce costs.

In terms of process re-engineering, we participated with the Department's Chief Financial Officer to improve audit and inspection report resolution and follow-up, implemented a Cooperative Audit Strategy and a Cooperative Complaint Resolution Strategy, and established a Complaint Coordination Committee that reviews and makes decisions on the disposition of Hotline calls and other complaints. Furthermore, as an important step to conserve our financial resources, we reduced our support service contracts from \$8 million in Fiscal Year (FY) 1990 to a low of \$1.75 million in FYs 1993 through 1996.

Now as we begin FY 1996, the Department of Energy and the Office of Inspector General face significant staffing and funding reductions. The Office of Inspector General must meet reduced staffing and funding levels in part by reducing the volume of audit, inspection and investigation work performed. Our efforts will include:

- ✧ Relying more heavily, in coordination with the Department, on our Cooperative Audit Strategy in which contractor internal auditors provide reasonable assurances that the procedures used to determine costs and charges to the Government are accurate, complete, and in compliance with Department contracts.
- ✧ Working highest priority issues (including those mandated by Congress, Office of Management and Budget, etc.) categorized as "most significant," and addressing remaining issues afterward until resources are exhausted.
- ✧ Raising thresholds for accepting complaints for Office of Inspector General action and referring more complaints to Department management for resolution.
- ✧ Investigating as high priorities those cases with the best potential for successful criminal or civil prosecution, and only investigating the remainder as resources permit. Criminal allegations with lower priority may be referred to other law enforcement agencies for their consideration, put on hold in the event that resources might become available, referred to Department management for action, or dropped.

OIG activities for FY 1996 were planned with these strategies in mind, and we will continually monitor and adjust our work to address changing priorities and resource levels as streamlining and restructuring initiatives continue.

WORK PLAN DESCRIPTION

In April 1994, the Department of Energy (DOE) Strategic Plan was issued. This Plan presents the Department's strategic outlook in response to a changing world. It discusses the Department's unique capabilities; its mission, vision, and core values; and key customer and stakeholder considerations. The DOE Strategic Plan lists business strategies and critical success factors which are intended to aid the Department in accomplishing its mission and reaching its vision of itself in the future.

The Office of Inspector General (OIG) has an important role in carrying out the goals and objectives of the Secretary's Strategic Plan. The OIG mission is to promote the effective, efficient, and economical operation of DOE programs through audits, inspections, investigations, and other reviews. The ultimate goal of the OIG is to facilitate positive change by assisting its customers, responsible Government officials, in taking actions to improve programs and operations.

In the second quarter of each fiscal year, the OIG issues a revised Strategic Plan containing program guidance for the following fiscal year and the outyears beyond. The Inspector General's program guidance for Fiscal Year (FY) 1996 continues to emphasize coverage of the business strategies and support of the DOE Strategic Plan by ensuring that audit, inspection, and investigative work helps the Department reach its visions and goals, pursue its strategies, and monitor its success indicators. The Strategic Plan provides guidance to all OIG staff regarding significant issues to be considered when planning detailed work for the upcoming fiscal year, and requires each of the four offices within the OIG to publish work plans before the start of each fiscal year covering their respective functional areas (audits, inspections, investigations, and administration) and setting forth audits, inspections, investigative work, and administrative activities that are planned for the next fiscal year. Selection of this work is based on the overall budget of the Department, analyses of trends in Departmental operations, guidance contained in the agency's strategic plans, statutory requirements, and the expressed needs and suggestions of Departmental program managers, OIG managers and staff, and other OIG customers.

This FY 1996 OIG Annual Work Plan is a summary and distillation of information contained in (those) annual work plans, and includes audits and inspections that are carried over from FY 1995 as well as audits and inspections scheduled to start during FY 1996. Audits and inspections included in this consolidated OIG Annual Work Plan will be performed by OIG staff. Specialized expertise available through a Certified Public Accounting firm will be used to assist us in auditing the Department's financial statements. As part of the OIG Cooperative Audit Strategy, additional audit coverage of the Department's programs is provided by internal auditors of the Department's integrated contractors. Through the Cooperative Audit Strategy, the OIG ensures that the internal auditors satisfy audit standards, provides planning guidance to the internal auditors, coordinates work to avoid duplication, and tracks the work of internal auditors to ensure that needed audits are performed.

Applicable portions of the four annual work plans issued for Fiscal Year 1996 by the Deputy/Assistant Inspectors General have been combined to form a major part of this overall OIG Annual Work Plan. Also included are portions of the most recent OIG Semiannual Reports to Congress to give an overview of the OIG's mission/organization, resource status, and the environment in which the OIG currently operates. The OIG Annual Work Plan also lists ongoing and planned audits and inspections, and it presents investigative statistics which have been previously reported in the two OIG Semiannual Reports to Congress which cover Fiscal Year 1995. Furthermore, included in this work plan are descriptions of several innovations developed by the OIG to streamline its operations and to conserve as much efficiency and economy as possible in a time of resource reductions.

The OIG Annual Work Plan is a planning document, identifying key issues and concerns to be explored during the fiscal year and establishing work patterns which will address them in sufficient depth. Unforeseen opportunities, challenges, or impediments often require that the planned work be modified, or that the planned work be postponed or replaced altogether by other projects.

The OIG Annual Work Plan is distributed to OIG supervisors and managers, senior Department managers, and cognizant congressional oversight committees, and is available to the general public.

Questions, comments, and recommendations for improvements to future OIG Annual Work Plans may be addressed to Rob Jacques, IG-13, at (202) 586-3223, or on the Internet at *e270@doe.dt.navy.mil*.

MISSION AND ORGANIZATION

MISSION

The Office of Inspector General operates under the Inspector General Act of 1978, as amended, with the following responsibilities:

- To provide policy direction for, and to conduct, supervise, and coordinate audits and investigations relating to the programs and operations of the Department of Energy.
- To review existing and proposed legislation and regulations relating to programs and operations of the Department of Energy, and to make recommendations in the semiannual reports required by the Inspector General Act of 1978 concerning the impact of such legislation or regulations on the economy and efficiency in the administration of programs and operations administered or financed by the Department, or on the prevention and detection of fraud and abuse in such programs and operations.
- To recommend policies for, and to conduct, supervise, or coordinate other activities carried out or financed by the Department of Energy for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, its programs and operations.
- To recommend policies for, and to conduct, supervise, or coordinate relationships between the Department of Energy and other Federal agencies, state and local government agencies, and nongovernmental entities with respect to:
 - ◊ All matters relating to the promotion of economy and efficiency in the administration of, or the prevention and detection of fraud and abuse in, programs and operations administered or financed by the Department.
 - ◊ The identification and prosecution of participants in such fraud or abuse.
- To keep the Secretary of the Department of Energy and the Congress fully and currently informed, by means of the reports required by the Inspector General Act of 1978, concerning fraud and other serious problems, abuses and deficiencies relating to the administration of programs and operations administered or financed by the Department of Energy, to recommend corrective action concerning such problems, abuses, and deficiencies, and to report on the progress made in implementing such corrective action.

ORGANIZATION

In February 1994, the Inspector General reorganized the OIG in order to provide a focal point for program areas and to improve internal processes. The Inspector General restructured the OIG with three Deputy Inspectors General who serve as OIG contacts for designated Departmental organizations. The Deputy Inspectors General are the Principal Deputy Inspector General, with program oversight for the Office of Investigations and the Office of Policy, Planning and Management; the Deputy Inspector General for Inspections; and the Deputy Inspector General for Audit Services.

The organizational changes provide OIG customers with a focal point to raise issues, discuss program objectives, and provide feedback on OIG services. The changes also enhance the OIG process for bringing the coordinated resources of the OIG to bear on key issues of the Department as expressed in the Secretary's Strategic Plan.

Through its establishment of focal points and emphasis on a coordinated approach to key issues in the Department, the reorganized structure ensures OIG compliance with Office of Management and Budget (OMB) Circular A-73 and DOE Order 2321.1B which require annual plans identifying audits to be made during the year.

The activities of the Office of Inspector General are divided as follows:

The Office of Audit Services provides policy direction and supervises, conducts and/or coordinates all internal and contracted audit activities for Department of Energy programs and operations. These operations include those conducted under contracts and grants, as well as those performed by Departmental employees. The audit staff has been organized into three regional offices, each with field offices located at major Department sites: Capital Regional Audit Office, with field offices in Washington, DC, Germantown, and Pittsburgh; Eastern Regional Audit Office, with field offices located at Cincinnati, Chicago, New Orleans, Oak Ridge (Tennessee), Princeton, and Savannah River; and Western Regional Audit Office, with field offices located at Albuquerque, Denver, Idaho Falls, Las Vegas, Livermore (California), Los Alamos, Richland (Washington), and Portland.

The Office of Investigations performs the statutory investigative duties relating to the promotion of economy and efficiency in the administration of programs and operations of the Department and the prevention and detection of fraud, waste, and abuse. The Office investigates prohibited or improper activities against the Department by its contractors, vendors, employees, and any others who have relationships with the Department. Priority is given to investigations of apparent or suspected violations of statutes with criminal or civil penalties, especially procurement fraud, environmental, health and safety matters, and matters which reflect on the integrity and suitability of Department officials. Suspected criminal violations are promptly reported to the Department of Justice for prosecutive consideration. The Office was recently reorganized into four regional offices, each with reporting offices located at major Department sites: (1) the Northeast Regional Office is located in

Washington, DC, with reporting offices in Pittsburgh and Chicago; (2) the Southeast Regional Office is located in Oak Ridge, with reporting offices located in Cincinnati and Aiken (South Carolina); (3) the Southwest Regional Office is located in Albuquerque, with a reporting office in Denver; and (4) the Northwest Regional Office is located in Richland, with reporting offices in Idaho Falls and Oakland. The Inspector General Hotline is operated by the Office of Investigations.

The Office of Inspections performs inspections and analyses, as well as reviews based on administrative allegations received. The office also processes Inspector General referrals to Department management for appropriate action. The Inspection staff is organized with a Headquarters organization and two regional offices. The Eastern Regional Office is located in Oak Ridge, with a field office in Savannah River. The Western Regional Office is located in Albuquerque, with a field office in Livermore, California.

The Office of Policy, Planning and Management directs the development, coordination, and execution of overall Office of Inspector General management and administrative policy and planning. This responsibility includes directing the Office of Inspector General's strategic planning process, financial management activities, personnel management programs, procurement and acquisition policies and procedures, and information resources programs. In addition, staff members from this Office represent the Inspector General in budget hearings, negotiations, and conferences on financial, managerial, and other resource matters. Also, staff members provide management and administrative support services, including personnel, procurement, security, travel, training, and automated data processing services. The staff coordinates all activities of the President's Council on Integrity and Efficiency in which the Inspector General participates. The Office is organized into three offices: Administrative Services, Human Resources Management, and Information Resources.

FY 1995 OIG QUALITY BASELINE SELF-ASSESSMENT

BACKGROUND

At the close of Fiscal Year (FY) 1995, the OIG conducted a quality self-assessment using the criteria of the Department of Energy's critical success factors for FY 1995. We chose to measure our performance against these criteria because of their direct link to the Department's contribution to the Administration's goal of creating a Government that works better and costs less. The OIG self-assessment confirmed that the OIG has performed considerable work to assist the Secretary in meeting critical success factor milestones which underlie the Department's Performance Agreement with the President for FY 1995. The assessment also underscored the OIG's strong commitment toward the Department's goal of becoming a "world-class" quality organization. Many of the successes identified by the self-assessment are a direct result of the OIG's serious effort to implement the key principles of the OIG quality process.

The OIG will continue its quality journey throughout FY 1996. Key elements of the OIG quality process include understanding requirements, communicating more effectively within the OIG and with our customers, requesting customer feedback, continuously improving our processes, and providing sufficient training to our employees so that they have the necessary skills and tools to perform their jobs. We will continue to examine our own organization and practices to identify ways to enhance productivity, raise the level of quality of our products, increase customer satisfaction and reduce costs. We have made significant progress in all aspects of the quality process, particularly with the integration of our quality process with our Strategic and Annual Work Plans, and with our daily work practices and processes. The productivity of this office continues to increase, and our quality efforts have paid off and contributed significantly to this achievement. We are extremely proud of our successes and consider ourselves champions in promoting quality and in facilitating positive change throughout the Department. The OIG is committed to continuous improvement. In FY 1996, we will continue to identify new opportunities and challenges to improve our work processes and the quality of our products and services to meet customer requirements. By the end of FY 1996, our goal is to have added considerably to the following list of accomplishments.

The methodology used to conduct the self-assessment was based upon a number of factors, not the least of which was the availability of resources to perform the work. At a time of significant personnel reductions, staff resources were not available to perform a labor-intensive self-assessment. During FY 1995, the OIG lost a significant number of staff. In fact, we are already below our FY 1996 Strategic Alignment Implementation staffing target. The OIG, also as part of its reinvention, has successfully reduced its reliance on support service contractors over a number of years. As part of our continuous improvement process and our effort to accommodate reduced staffing levels, we are prioritizing our activities around our existing mission-related requirements. This will prove to be a major challenge, particularly since additional mandated, yet unfunded, requirements have been levied upon the OIG through the passage of the *Chief Financial Officers Act of 1990*, the *Government Management Reform Act of 1994*, and the *Federal Acquisition Streamlining Act of 1994*. The requirements of all three Acts are expected to remain constant over the next few years.

OIG PARTICIPATION IN FY 1995 DEPARTMENTAL CRITICAL SUCCESS FACTORS

Communications and Trust: Making more information available to the public.

- Expanded OIG Reports Distribution List from 284 to 524 customers/stakeholders.
- Made OIG public reports available through Internet.
- Provided DOE managers greater flexibility to reproduce non-public OIG reports for in-house use.
- Participated in the Department's review and document declassification project.

Communications and Trust: Improving services to customers and stakeholders.

- Published easy-to-use pamphlet, "Understanding An Internal Audit and Its Benefits -- A Customer's Guide."
- Continued to improve communications with law enforcement personnel in other agencies, Department management, and other customers to facilitate future cooperative efforts, develop leads and improve knowledge.
- Addressed conferences sponsored by Departmental Program and Field Offices to discuss OIG matters.
- Issued OIG Management Actions on Referrals Bulletin to Department managers and staff.
- Delegated report issuance to local field sites whenever appropriate.
- Streamlined OIG Freedom of Information/Privacy Act process to reduce backlog and provide more timely responses to requests.
- Improved timeliness of our Office of Inspections' work products.
- Improved quality of investigative and inspection reports by providing writing training to all investigators and inspectors.
- Streamlined Audit Reporting Process to improve timeliness of audit and inspection reports.
- Revised audit report format to improve readability and reduce redundancy.
- Led an IG community-wide effort to address how IGs process administrative allegations.
- Improved audit and inspection report resolution and follow-up process.
- Established Complaint Coordination Committee that reviews and makes decisions on the assignment/processing of complaints.

Communications and Trust: Involving stakeholders in the policymaking process and in the improvement of products and services.

- Conducted customer focus group meetings with Departmental managers and Congressional staff.
- Developed surveys and customer response forms for all audit and inspection reports and the Semiannual Report to Congress.

- Assigned OIG employees to act as customer representatives with each Departmental element and to meet regularly with those elements.
- Obtained stakeholder input into audit planning process.
- Obtained management feedback on completed work through entrance and exit conferences, and regularly planned meetings.
- Initiated quarterly Customer Focus Group meetings with Departmental managers on the "Cooperative Strategy for Administrative Complaints."

Human Resources: Streamlining management structure.

- Improved supervisory ratio from 1:5.4 past the Secretary's goal of 1:10.
- Reduced administrative staff at Headquarters.
- Reduced number of senior level employees by filling vacancies at entry or lower levels.
- Eliminated two Headquarters offices.
- Reorganized the OIG to improve customer service and streamline operations and processes.
- Implemented major reorganization of OIG Office of Investigations to streamline operations.
- Closed audit office in Dallas.
- Closed investigative offices in Kansas City, Las Vegas, and New Orleans.
- Reduced the number of investigative regional offices from six to four.
- Established new investigative management structure and streamlined the Office of Investigations administrative reporting process, thereby improving the efficiency of conducting investigations through delegation of wider authority, including signature authority, to regional offices.
- Met OIG streamlining targets to reduce National Performance Review targeted positions of auditors, personnel specialists, and budget analysts.
- Implemented Cooperative Audit and Complaint Resolution Strategies.

Human Resources: Ensuring workforce diversity.

- Hired 91 persons since FY 1993, of which 72 percent were minorities/females.
- Developed annual EEO Affirmative Employment Program Plan (AEPP).
- Reported annually on accomplishment of EEO AEPP goals.
- Improved diversity employment and recruitment sources by sending vacancy announcements to under-represented groups.
- Established Women's Diversity Advocate Program designed to address challenges associated with cultural and gender differences.
- Used an Affirmative Recruitment Results Form signed by selecting officials ensuring diversity recruitment methods were used.

Human Resources: Improving human resources practices.

- Increased span of control by implementing the use of teams and layering.
- Established and/or participated on various OIG and Departmental process improvement teams.
- Revised senior managers' performance evaluation criteria to measure their effectiveness in communications and trust; human resource management; environment, safety and health; and management practices.
- Participated on various IG community teams to address issues of mutual interest.
- Led major IG community-wide effort to adopt a new vision and reinvention principles in response to the "Reinvention of Government" initiative.
- Provided rotational assignments/details within OIG to develop multi-skilled workforce.
- Provided "Just in Time" Team training to OIG Quality Teams.
- Implemented Flexible Work Schedule Program with credit hours.
- Streamlined personnel systems by reducing administrative processing timeframes, providing improved customer service, and increasing the use of automation.

Management Practices: Improving contractor accountability and performance.

- Completed implementation of the Cooperative Audit Strategy.
- Performed audits and inspections of Department contractors.

Management Practices: Reducing Federal regulations.

- Reduced OIG directives by 25 percent.
- Reduced OIG-initiated Department Orders from 5 to 4.

Management Practices: Align the Department to save money and enhance performance.

- Developed workforce/workload analysis and managed staffing plan as a result of the Strategic Alignment Initiative.
- Continued to streamline work and improve operational efficiency to accommodate new requirements and mandates using existing resources.
- Prepared to close OIG offices and reduce staff at other OIG field sites which support the Power Marketing Administrations and Naval Petroleum Reserves following implementation of divestiture and detachment proposals.
- Studied use of automation and LAN technology to improve service and reduce costs.
- Redirected investigative efforts toward cases which have greater potential for successful prosecutions or significant positive change for the Department.
- Conducted analysis of required OIG resource levels to address unfunded mandates, resolve material weaknesses, and meet auditing, inspection, and investigative needs of realigned and downsized Department.
- Adjust OIG staffing resource levels to address Department needs and congressionally mandated requirements.

Other OIG Quality Process Achievements:

- Developed OIG organizational performance measures.
- Established Quality Council and Executive Steering Committee to address and implement quality initiatives.
- Provided quality awareness training to all OIG managers.
- Provided OIG quality process and quality awareness training to OIG employees.
- Provided customer service training to OIG Headquarters senior managers and staff.
- Conducted joint OIG Executive Steering Committee/Quality Council Quality Process Workshop to build on quality principles.
- Developed and presented a "Moving Through Change" program to all OIG employees.

PLANNING FACTORS

In planning for this fiscal year, the OIG has been guided by the following factors:

- **OIG Vision Statement:** To do quality work that facilitates positive change.
- Planning factors listed on pages 11-14 of the FY 1996 OIG Strategic Plan.
- Goals and objectives of the Department of Energy's Strategic Alignment Initiative and the National Performance Review.
- Six key issue areas of contract administration; program management; environment, safety and health; infrastructure; financial management; and administrative safeguards; as discussed on pages 15-23 of the FY 1996 OIG Strategic Plan.
- Department of Energy reportable problems, as disclosed in the Secretary's Federal Managers' Financial Integrity Act letter to the President issued at the end of each calendar year.
- Issues impacting the business lines and critical success factors discussed in the Department of Energy's Strategic Plan.
- Establishment of baselines for and use of performance measures discussed on pages 25-27 of the FY 1996 OIG Strategic Plan to gauge the effectiveness of OIG products.

OFFICE OF AUDIT SERVICES PLANNED FY 1996 WORK

INTRODUCTION

The Office of Audit Services is responsible for performing independent audits of all Department of Energy programs. These include financial and financial-related audits, economy and efficiency audits, and program results audits. The plan focuses on audits that will identify opportunities to enhance the effectiveness, efficiency, and integrity of the Department of Energy's programs and operations. The Deputy Inspector General for Audit Services is also responsible for issuing audit policy and guidance to other Departmental elements and for seeing that all audit work done in the Department, including the work of the integrated contractors' internal audit staffs, meets Government Auditing Standards and/or internal auditing standards published by the Institute of Internal Auditors.

WORK TO BE PERFORMED

As noted above, the work planning strategy for the Office of Audit Services is driven by several factors, including the flow of funds to Departmental programs and functions, strategic planning guidance, statutory requirements, and expressed needs.

Department of Energy Budget

In February 1995, the Secretary of Energy submitted her FY 1996 Budget Request to Congress for \$17.8 billion. As the mission of the Department has changed in the past few years, program funding has shifted significantly. The budget continues to emphasize environmental issues while reducing the funding request for national security. However, these two areas continue to make up the largest portion of the budget request, with over 39 percent directed at Environmental Quality-related activities, and about 28 percent targeted for National Security.

In May 1995, the Secretary announced a Strategic Alignment and Downsizing Initiative that would save an estimated \$14.1 billion and reduce the number of DOE employees by 27 percent over a five-year period. The timing of the various initiatives and the budget reductions that will accompany them will influence how the Office of Audit Services allocates its resources in FY 1996 and subsequent years.

At the time of publication of this plan, it appears likely that the Department will receive less than the amount requested by the Secretary. Therefore, the budget figures presented in this work plan may vary significantly from the final budget amounts.

Strategic Planning Guidance

The Department's Strategic Planning Guidance focused on five major areas of Departmental activities. These activities are (1) Energy Resources (2) Science and Technology, (3) National Security, (4) Environmental Quality, and (5) Management and Other Activities. Following is a brief overview of these activities.

- *Energy Resources* - focuses on (i) increasing the efficiency of energy end-use primarily through improvements in the building, transportation and industrial sectors of our economy, and (ii) securing future energy supplies by diversifying fuel sources, developing technologies which utilize indigenous resources, and reducing our vulnerability to energy supply disruptions.
- *Science and Technology* - provides funding for a substantial portion of the nation's basic research and development in areas such as high energy physics, nuclear physics, basic energy sciences, biological and environmental research, and fusion energy.
- *National Security* - includes a variety of activities that contribute to national security through DOE's defense and non-defense programs, as well as through international nuclear nonproliferation activities. About 70 percent of the funds directed towards National Security will be used for weapons stockpile stewardship and management. These programs ensure the safety and reliability of the nuclear weapons stockpile, provide for production, maintenance and surveillance of those nuclear weapons specified in the Nuclear Weapons Stockpile Plan and the dismantling and disposal activities associated with weapons returned from the stockpile. The Naval Reactors program will continue to develop an advanced nuclear reactor plant intended for the Navy's new attack submarine.
- *Environmental Quality (Weapons Site Cleanup)* - is one of the Department's most vital missions, focusing on managing environmental risks at former weapons production and research facilities contaminated with various hazardous and radioactive materials. Over one-third of the Department's FY 1996 budget covers activities in this area. Activities associated with environmental quality include waste management, environmental restoration, nuclear materials and facilities stabilization, technology development, environment, safety and health, and civilian radioactive waste management.
- *Management and Other Activities* - includes a wide array of general management and support activities of the Department such as policy development and analysis activities, institutional and public liaison functions, and other program support requirements necessary to ensure effective Departmental operation and management. It also includes the activities of the Energy Information Administration and various organizations which administer energy laws and regulations.

Statutory Requirements

Work on audits required by specific law, regulation, or DOE policy account for a significant amount of the available audit resources in the OIG. Foremost among these are the requirements of the Government Management Reform Act (GMRA) of 1994 which provides for final agency-wide implementation of the Chief Financial Officers (CFO) Act of 1990. Under these two Acts, DOE is required to submit to OMB audited financial statements covering all accounts and associated activities, as well as commercial activities, of the Department for FY 1996 by March 1, 1997. This effort is an annual requirement.

Other mandated statutory and regulatory audit requirements include the following:

- The Federal Managers' Financial Integrity Act (FMFIA), where the OIG is required to review and render an opinion on all FMFIA assurance letters sent to the Secretary by subordinate managers.
- DOE's use of Superfund monies.
- DOE's progress in establishing effective management controls on lobbying activities.
- Management & operating contractor cost certifications.
- The Department's audit follow-up system.
- Certain contract and preaward cost audits.
- In-house energy management.

Expressed Needs

The audit needs of various OIG customers are considered as priorities when formulating the annual audit work plan. Priority is given to fulfilling requests for services from the Secretary of Energy, other Senior DOE officials, Congress, OMB, or other appropriate Government authorities. Additionally, each year the Office of Audit Services provides DOE managers the opportunity to formally and informally identify areas where they believe audit coverage would benefit the Department, both within their own organization and within DOE as a whole. Audit suggestions developed by Office of Audit Services' managers and staff are also considered in the planning process. Thus, the audit planning process is interactive, being both "bottom-up" and "top-down" in nature.

OIG KEY ISSUE AREAS

The OIG FY 1996 program guidance identified six key issue areas where the Deputy Inspectors General should concentrate their work as much as possible. The areas were chosen for their coverage of management controls over Department programs and operations, as well as for their coverage of the Department's FMFIA material weaknesses.

Financial Management: This area focuses attention on the management controls, accounting systems, and other processes that ensure that DOE and its management and operating (M&O) contractors exercise proper accountability over the Government resources entrusted to them. A number of processes have been developed in DOE to ensure this is achieved. These processes include the annual reviews of DOE's internal control systems under the FMFIA, the expression of an opinion on the DOE financial statements required by the CFO Act and the GMRA, and other reviews of DOE's financial management systems. Also, before the Department approves a contractor's annual accounting for its net expenditures, the OIG examines the reliability of the internal controls of contractors and DOE field elements which are used to ensure that only allowable costs are claimed and reimbursed.

Contract Administration: This key issue area encompasses all of the Department of Energy's procurement and grant management activities. The Department accomplishes many of its missions through M&O contractors who run DOE's major facilities and other operations. Accordingly, much OIG work involves the Department's direction and administration of its M&O contractors and their activities.

Program Management: This key issue area includes the development, implementation, administration, and operation of programs mandated by statute or regulation. These programs include those relating to Government property management, national laboratories, intelligence activities, security, equal employment opportunity, small and disadvantaged business utilization, Federal Energy Regulatory Commission operations, Energy Information Administration operations, Compliance Program issues, Naval Reactors, Naval Petroleum and Oil Shale Reserves, Strategic Petroleum Reserve, Power Marketing Administrations, defense programs, and the closing of the Superconducting Super Collider.

Environment, Safety & Health: The Department's activities have generated considerable radioactive and hazardous wastes. This key issue area includes all DOE activities related to the cleanup, storage, and disposal of radioactive and hazardous waste, including all work involving the civilian and defense radioactive waste repositories.

Infrastructure: Many of the Department's facilities (particularly in the area of weapons development and production) are old, and their operating availability and efficiency have declined. Modernization of these aging facilities and restoration of sites to make them safe and viable are two of the most important tasks facing DOE. As part of this initiative, the Department is embarking on a long-range program to consolidate and build a smaller, modern and more efficient weapons production complex. In addition to repair and improvement of

existing facilities, the Department is in the process of building additional roads, utilities, and mission support structures.

Administrative Safeguards: Administrative Safeguards are those OIG audits and other reviews of administrative operations in which there is high inherent vulnerability to waste, abuse, and mismanagement such as imprest funds, payrolls, travel claims, time cards, overtime claims, telephone use, transportation and subsidized employee assistance (such as subsidized parking). Although the dollar amounts involved may be comparatively small, OIG activities falling within this category have significant value in encouraging others to obey laws, regulations, and policies.

OFFICE OF AUDIT SERVICES RESOURCES

Audit Staffing and Contract Audit Support

In October 1991, the General Accounting Office reported that the OIG has not been able to provide the audit coverage necessary at the Department's M&O contractors because of staffing and resource limitations. Since 1991, the Department has reported the lack of OIG audit resources resulting in inadequate audit coverage of the Department's contract expenditures as a material weakness in the annual FMFIA letter to the President. While the Office of Audit Services is constantly seeking ways to streamline operations, the fact is that the current resource situation could exacerbate this problem.

The OIG was authorized 356 full-time positions for FY 1995. By the end of FY 1996 and FY 1997, the OIG authorized end-strength is 339 and 294 positions, respectively. This trend is scheduled to continue through FY 2000, when the OIG will stabilize at 244 positions. The changes in authorized personnel equate to a 31 percent reduction in staff.

In FY 1995, the Office of Audit Services was authorized 208 full-time positions. Because of the impact of DOE's downsizing and realignment, the decision was made to refrain from filling existing or new vacancies. As a result, despite significant attrition, the Office of Audit Services last new hire was in March 1995. At the end of FY 1995, the Office of Audit Services consisted of 183 professional and administrative personnel.

Staffing reductions along with the increased requirements of the CFO and GMRA Acts make it necessary to significantly reduce the level of performance audit coverage in FY 1996 and beyond. Although the number of planned performance audits for FY 1996 is based on traditional assumptions, it is unlikely that all planned audits can be started since so many audit personnel are assigned on a dedicated basis to meet CFO and GMRA requirements. Contractor resources available to the Office of Audit Services are also used to perform certain aspects of the financial audits required by the CFO and GMRA Acts.

For purposes of clarity, the schedule of planned audits has been annotated so as to denote which audit starts are questionable. Because the CFO and GMRA requirements are

expected to remain fairly constant over the next few years while staff size shrinks, the percentage of time devoted to these financial audits will continue to increase while resources available for performance audits declines.

Integrated M&O Contractors

The Department of Energy has contracts with a number of large firms for the operation, maintenance, or support, on its behalf, of Government-owned or controlled research, development, special production, or testing facilities. DOE relies heavily on these management and operating contractors to carry out the management and operation of most of its programs, activities, and functions.

The OIG is responsible for conducting audits of the Department's M&O contractors. However, because of the resource limitations noted previously, it has not been possible for the OIG to provide the necessary audit coverage for these contractors. To help alleviate this problem, the OIG has implemented a plan that relies, when appropriate, on the audit work done by internal auditors at the M&Os. Through this approach the OIG provides guidance to the internal auditors about key issue areas that should be considered in their audit plans, coordinates and tracks work of the internal auditors to avoid duplication and ensure that necessary work is conducted, and annually assesses the internal auditors to ensure that their work meets professional auditing standards.

KEY AUDIT ISSUE AREA DETAILS AND PLANS

The process for identifying and developing areas for audit focuses on DOE's major mission areas. As mentioned above, the work plan includes strategies for auditing six key issue areas. A summary of each key audit issue area follows, with a brief discussion of audits in process that will continue in FY 1996 and audits planned to start in FY 1996.

FINANCIAL MANAGEMENT

The Financial Management area encompasses controls such as accounting systems, financial reporting, and other internal control processes that ensure the Department and its Management and Operating contractors exercise proper accountability over Government resources entrusted to them. To do this, the Department and the Office of the Inspector General have developed a number of processes to cover stewardship of the major financial management functions, which include:

- Audits of Departmentwide and designated component financial statements to comply with the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994.

- Audits of voucher accounting for net expenditures accrued (VANEA) required by Departmental orders at M&Os.
- Annual reviews of internal control systems required by the Federal Managers' Financial Integrity Act; and,
- Reviews of M&O contractors' disclosure statement adequacy and compliance with Cost Accounting Standards (CAS).

Financial Statement Audits

Financial statement audit objectives are to determine whether (1) the Department or components' statements present fairly, in all material respects, the financial position and results of operations in accordance with appropriate accounting principles and practices; (2) the internal control structure was adequate to provide reasonable assurance that control objectives were met; and (3) compliance with laws and regulations was sufficient in all material respects. Financial statement audits under the CFO Act and the GMRA are conducted in accordance with generally accepted Government auditing standards by the Inspector General or independent public accounting firms.

The CFO Act of 1990 requires audits of financial statements of specified agencies or business entities. The OIG is responsible for the audit of four Power Marketing Administrations (PMAs), the Naval Petroleum and Oil Shale Reserves, the Federal Energy Regulatory Commission, the Isotope Production and Distribution Fund, and the Uranium Enrichment Decontamination and Decommissioning (D&D) Fund. This work is being done by an IPA selected by the Inspector General. Furthermore, the OIG reviews the work of other IPAs conducting financial statement audits of the Federal Columbia River Power System (Bonneville Power Administration) and the Nuclear Waste Fund.

The GMRA expands annual financial statement audit provisions to all accounts and associated activities of the Department. As required by the GMRA, the first Departmentwide financial statement audit will cover FY 1996 activity. The audited financial statements are to be submitted to OMB no later than March 1, 1997. This initial Departmentwide audit effort will be done in two phases. Phase I will involve determining the FY 1995 ending balances to assure proper opening balances for FY 1996. The audit of FY 1996 financial statements (Phase II) will start in the second quarter of FY 1996.

Audit Partnerships

During FY 1995, the Cooperative Audit Strategy (Strategy) was fully implemented. The Strategy was designed to (1) maximize audit coverage of the M&O contractors with existing OIG and M&O internal audit resources, (2) use risk-based assessment methodologies as the basis for planning and prioritizing audit coverage, incorporating internal audit staffs' audit plans in the OIG risk assessments, and (3) utilize an automated tracking system to track

the work planned and performed by internal audit staffs. A quality audit steering committee meets quarterly and addresses issues which may impact implementation of the Strategy and recommend changes.

Integrated contractors are required by their contracts to annually prepare a voucher and certify that the accrued expenditures are allowable under the contract. In the field offices, Department financial officers also confirm that the contractors maintained adequate and approved accounting systems. They also attest that the contractors' VANEAs conform with generally accepted accounting principles and do not conflict with the provisions of Department accounting directives. The OIG verifies and attests to the contractor and Departmental certifications.

FISCAL YEAR 1995 AUDITS IN PROCESS

During FY 1995, various financial management audits were underway. Following is a brief discussion of the audit approach of selected audits that are in process:

- In June 1995, the initial evaluation of internal controls and compliance with laws and regulations began with the objective of providing an opinion on the FY 1996 Opening Balances for the Departmentwide financial statement audit (Phase I). Substantive testing will be conducted on an appropriate matrix to reduce audit risk. Year-end adjusting entries will also be examined. Areas of early concern during Phase I will involve asset and liability values and full disclosures in the Department's financial statements. To place reliance on computer-processed financial data, separate audits of the Department's financial management systems also started in June and August of 1995. Completion of Phase I fieldwork is scheduled for late December 1995 with the report on FY 1995 Closing Balances planned for February 1996.
- Eleven Cost Accounting Standards reviews were completed in FY 1995, and four will continue into FY 1996.

FISCAL YEAR 1996 PLANNED AUDITS

Financial Statement Audits

As previously indicated, audit work has commenced to provide an opinion on beginning balance sheet accounts in the FY 1996 financial statements. Audit fieldwork for the audit of the FY 1996 financial statements is scheduled to begin in March 1996. The focus of activity starting in mid-FY 1996 will be on changes in internal controls; compliance with laws and regulations; and transactions processed during FY 1996. Year-end work will include adjusting entries; statement disclosure note issues; and closing procedures employed by the CFO.

Financial Certification Audits

In addition to financial statement audits required by the CFO and GMRA, financial certification audits, which include VANEAs, Internal Audit Reviews, and Internal Audit Assessments will continue to be performed in FY 1996. Several additional audits are scheduled to look at financial systems and procedures throughout the Department. They include:

- A review of the reasonableness of compensation paid to Fernald Environmental Restoration Management Corporation and its teaming partner. (A96CN010)
- An audit of M&O contractor salary and bonuses structure to determine whether contractor salaries and bonuses are in accordance with DOE policies and procedures. (A96CF006)
- A review to determine if the Department's M&O contractor's travel policies and procedures reflect the Secretary's plans to reduce travel costs. (A96CFO08)

CONTRACT ADMINISTRATION

This key area includes all of DOE's procurement and grant administration activities and crosscuts every program and activity in the Department. Unlike other Federal agencies, DOE uses the majority of its procurement dollars as a catalyst in support of technology development and basic and applied research. DOE is engaged in four types of activities, each of which draws on substantial expertise in the private sector. These activities include:

- Fundamental research in basic sciences.
- Development of applied science and technologies principally related to increasing efficiency, ensuring future energy supplies, and understanding the effects of energy use on the environment.
- Development of nuclear defense and nonproliferation technologies and strategies.
- Environmental restoration and waste management, principally at nuclear weapons production facilities.

DOE procurement activities also support the management of the Strategic Petroleum Reserve and the Naval Petroleum and Oil Shale Reserves. Furthermore, the Department provides financial assistance to State and local governments, colleges, universities, and private sector firms. These financial assistance grants and awards are made for a variety of purposes, including: (1) weatherization, (2) energy conservation and (3) encouragement of new and emerging energy techniques. Funding for these financial assistance programs are derived from

congressional appropriations and payments collected from the petroleum industry in settlements of violations of DOE's oil price and allocation controls in effect from 1973 to 1981.

A significant portion of the DOE mission is carried out by industrial, academic, and nonprofit institutions operating the DOE-owned plants and laboratories under a management and operating relationship. Consequently, a large portion of the DOE funding is directed toward such M&O contracts. For example, M&O contractors operate nine major, multi-program National Laboratories located throughout the United States. These laboratories provide scientific support for the DOE programs and provide a scientific staff with various core capabilities to support various technology programs. The programs carried out in the laboratories range from fundamental research in the physical and life sciences to advanced and goal-oriented development of nuclear and alternative energy.

Following are some FY 1994 highlights (the most recent data available) relating to contract administration:

- The DOE procurement and financial assistance obligations in FY 1994 were \$20.9 billion, an increase of 3 percent from FY 1993.
- Obligations for M&O contractors totaled \$15.8 billion.
- The number of active procurement awards over \$25,000 (excluding M&O contractors) on September 30, 1994, totaled 2,217, with a total award value of \$22.3 billion.
- The number and award value of financial assistance instruments active on September 30, 1994, was 5,614 and \$16.8 billion.
- Subcontract awards totaled \$6.3 billion in FY 1994, of which \$3.1 billion (49 percent) were awarded to small businesses.
- DOE funded 78 unsolicited proposals with total obligations of \$27.5 million in FY 1994.

FISCAL YEAR 1995 AUDITS IN PROCESS

Audits currently in process that will carry over to FY 1996 include:

- An audit to determine if the Nevada Operations Office performs oversight responsibilities over its M&O contractors' subcontracting and consulting services economically and efficiently. (A95LV030)
- An audit on the use of M&O contractor employees to support Headquarters program offices to determine whether (1) the support was obtained in a cost-effective manner, (2)

full competition was achieved, (3) potential or actual conflicts of interest exist, and (4) inherently governmental functions were performed by Federal employees. (A95CH005)

- An audit of contractor overtime to determine if the Department has controls in place to minimize contractor overtime costs. (A95CF002)

FISCAL YEAR 1996 PLANNED AUDITS

Audits planned to begin in FY 1996 include:

- A multi-site audit of the Department's oil program, to determine if the M&O contract is being properly implemented. The program is designed to fund technology development to improve and enhance oil recovery and production. (A96PT029)
- A review of the Federal Energy Regulatory Commission's acquisition of Automatic Data Processing equipment to ascertain if acquisition services are properly defined, planned, and managed. (A96CF004)
- An audit of the Department's small business innovation research program to determine if the program is being operated in a manner which would facilitate attainment of the program objectives. (A96CG011)

PROGRAM MANAGEMENT

This key issue area includes the development, implementation, administration, and operation of programs mandated by statute or regulation. The major areas encompassed by program management include:

- National Laboratories.
- Power Marketing Administrations.
- Safeguards and Security.
- Strategic Petroleum Reserve.
- Superconducting Super Collider.
- National Security.

NATIONAL LABORATORIES

DOE's national laboratories are Federally-owned facilities operated for DOE by universities, university consortia, or industry under contract to DOE. These operators provide the scientific, technical, and support staff to conduct the work under the direction of DOE's program managers. The detailed day-to-day management of each laboratory is provided by the contractor, while contract management and laboratory performance appraisals are conducted by the DOE's operations offices.

The work at DOE's national laboratories involves research and development activities primarily within two of DOE's Business Lines: Science and Technology, and Energy Resources. The FY 1996 budget request for these programs is approximately \$3.6 billion of DOE's total budget request of \$17.8 billion. The programs at the national laboratories cover a wide range of fields, including: high energy physics; nuclear physics; basic energy sciences; biological and environmental research; fusion energy; nuclear energy; solar and renewable energy; and technology transfer through Cooperative Research and Development Agreements (CRADAs). The national laboratories also perform work in DOE's other two Business Lines: Environmental Management and National Security. This work primarily involves R&D efforts in environmental cleanup, stockpile stewardship, and stockpile management.

The Secretary established a Task Force to review the roles and missions of these national laboratories and, where appropriate, recommend alternatives as to how the nation might best utilize the laboratories to meet future national needs. Chaired by Robert Galvin, Chairman of the Executive Board of Motorola, the Task Force has become known as the "Galvin Task Force." The report, "Alternative Futures for the Department of Energy National Laboratories," was released February 1, 1995, and is generally referred to as the "Galvin Report."

The report recommended that national laboratories focus on existing core missions in national defense, research and development, and the environment. The Commission did not recommend closing any national laboratory and advised against transferring any laboratory to the Department of Defense. However, DOE was urged to shift some nuclear materials development and production activities from Lawrence Livermore to Los Alamos National Laboratory, and to put the laboratories into one or more new, not-for-profit R&D corporations governed by a Board of scientists, business executives, and engineers appointed by the President.

DOE responded to the Commission's findings with a report to the President in April 1995 outlining ways to implement the majority of the Commission's recommendations. The Secretary issued a charter establishing a Laboratory Operations Board to provide advice on the strategic direction for DOE laboratories, coordination of budget and policy issues, and reduction of management burdens on the laboratories. The Board will have 16 members drawn from senior DOE management, industry, and universities. In addition, DOE will form a new R&D council consisting of the DOE Assistant Secretaries and reporting to the Under Secretary.

On March 30, 1995, DOE announced three pilot oversight initiatives involving DOE's laboratories. First, DOE established a Business Management Pilot for a 12-month period from April 1995 to April 1996. On June 20, 1995, DOE extended this pilot to other non-laboratory M&O contractors for the period July 1995 to September 1996. Under this pilot, DOE operations offices refrain from business management reviews, except for one multi-disciplinary business management review not to exceed two weeks. The business management review covers 17 major functions such as information resources management, procurement, personnel, property, finance and budget, and security. It introduces a more cooperative review model that also takes into account self-assessment information from the contractor. Other proposed reviews will be conducted only if justified "for cause." Second, DOE announced pilot initiatives for Line Environment, Safety & Health Management, and Program/Technical Management. Unlike the Business Management Pilot, these pilots will not contain a moratorium on reviews.

Over the past several years, the Office of Audit Services has performed, and plans to continue performing, extensive work at many of the national laboratories. Although resources are not available to perform all necessary audit work, the Office has conducted annual financial audits and numerous performance audits at the facilities to ensure the reasonableness of expenditures, and the efficiency and effectiveness of operations. Our auditing strategies will include:

- Reviewing DOE's performance of its programmatic responsibilities for the national laboratories as they pursue basic and applied R&D programs.
- Reviewing DOE's technology transfer programs and CRADA activities, including management controls to prevent organizational and personal conflicts of interest.
- Identifying opportunities for organizational streamlining, achieving cost savings, and other improvements in DOE and contractor program management policies and practices.
- Identifying "best practices" in DOE and contractor program management which could be adopted by other organizational elements and programs.

FISCAL YEAR 1995 AUDITS IN PROCESS

The following audits of DOE's laboratories are in process and will continue in FY 1996:

- A survey of user facilities at DOE laboratories and plants to evaluate DOE's user facility program to determine (1) whether DOE is fully recovering its costs; and (2) the effect of user facility agreements on DOE programs. (A95AL133)

- An audit on cost sharing between DOE and Los Alamos County for fire station and emergency medical services found that cost sharing was not commensurate with the use of the services: DOE was paying about 99 percent of costs while using about 47 percent of services. Also, the formula used to allocate costs between DOE and Los Alamos County was neither justified as reasonable nor appropriately documented. Data needed to fully understand and reconstruct the formula were not available. Consequently, DOE and Los Alamos County could not be assured of a fair cost allocation. The report recommended that DOE develop alternative methods for a more equitable distribution of costs between the two parties. Management concurred with the finding and recommendations. (A95LA019)
- An audit of consultant agreements at Los Alamos National Laboratory to determine whether Los Alamos obtained consultants in a manner most advantageous to the Government. (A95LA020)

FISCAL YEAR 1996 PLANNED AUDITS

Audits scheduled to start in FY 1996 include:

- A survey of the peer review process within the Office of Energy Research to determine whether Energy Research's program managers (1) use results of peer reviews to the maximum practical extent to control research work at the national laboratories; and (2) comply with applicable regulations in the establishment and use of peer reviews. (A96CH001)
- An audit of the DOE Office of Scientific and Technical Information to determine whether the office could be privatized and contracted out in whole or in part at a cost savings to the Federal Government. (A96OR021)

POWER MARKETING ADMINISTRATIONS

The Department of Energy Organization Act of 1977 transferred the five Power Marketing Administrations (PMAs) - Alaska, Bonneville, Southeastern, Southwestern, and the Western Area - to the Department of Energy while preserving them as separate and distinct entities. The PMAs assist the Department in achieving its goal of deploying energy resources by marketing electricity generated primarily by Federal hydropower projects. Revenues from selling power and transmission services of the five PMAs are used to repay annual operation and maintenance costs, repay the capital investments with interest, and assist capital repayment on irrigation features of certain projects.

The five PMAs market the hydroelectric power generated at all Federal multiple-purpose water projects except those under the jurisdiction of the Tennessee Valley Authority. To carry out their responsibilities, the PMAs contract for the purchase and sale of power;

develop rates; construct and maintain transmission lines, substations, switchyards, and attendant facilities; and conduct energy conservation programs.

The Department has requested \$374.4 million in FY 1996 for the PMAs. However, the Department plans to submit legislation to Congress that would implement its policy decision to (1) establish the Bonneville Power Administration as a wholly-owned Government corporation; and (2) transfer (privatize) the Western Area Power Administration, Southwestern Federal Power System and Southeastern Federal Power System to their utility customers for a sale price based on the net present value of the principal and interest payments that the Treasury presently expects to receive from each PMA in the future.

Making Bonneville an independent Government-owned corporation would reduce the Department's employment by 3,350 full-time employees (FTEs), eliminate 1,744 contractor personnel, and remove 25 offices from the Department. Employees of the resulting Bonneville Government-owned corporation would still be Federal employees, but not within DOE. Privatizing the three PMAs mentioned above would reduce the Federal workforce by approximately 1,700 FTEs, eliminate 975 contractor employees, and result in the closure of 56 DOE offices. Further, DOE and Alaska are continuing to pursue the completion of the sale of Alaska's assets.

FISCAL YEAR 1995 AUDITS IN PROCESS

One audit is being carried over to FY 1996. This is an audit of Information Management at Bonneville to determine whether Bonneville properly acquired and accounted for computer-related equipment. (A94PL116)

FISCAL YEAR 1996 PLANNED AUDITS

In addition to scheduled financial audits at each of the Power Marketing Administrations, one audit is planned at Bonneville to determine if the PMA is exercising effective oversight of the Washington Public Power Supply System's operations and costs. (A96PL034)

STRATEGIC PETROLEUM RESERVE

The Strategic Petroleum Reserve (Reserve) was created as a result of the Energy Policy and Conservation Act of 1975. The mission of the Reserve, which is an emergency crude oil stockpile, is to reduce the nation's economic vulnerability to oil supply disruptions and to meet our obligations under the Agreement on an International Energy Program. The Reserve consists of five crude oil storage sites, interconnecting pipelines, a marine terminal, and a project management office. Crude oil is stored in underground salt caverns along the

Texas and Louisiana gulf coast. The marine terminal is located on the Mississippi River at St. James, Louisiana, and the project management office is in New Orleans.

The Reserve is currently directed towards storing 750 million barrels of crude oil in underground salt caverns. However, the Department has announced the planned decommissioning of the Weeks Island site, which will reduce the available capacity of the Reserve to 680 million barrels. At the end of December 1994, the Reserve crude oil inventory was 591.7 million barrels and the inventory by the end of FY 1996 is projected to be 585 million barrels.

The storage sites are organized to allow rapid movement of stored crude oil into three major commercial distribution systems. Should the need arise, 4.3 million barrels of oil per day can be supplied. In addition to daily oil movements, annual large scale drawdown exercises are held at each site to ensure the Reserve is ready to meet mission requirements. The FY 1996 budget request of \$312.7 million was designed to continue operations and maintenance activities at a prudent, responsible level to assure a cost-effective capability to respond to a Presidential order to draw down the Reserve. The FY 1996 budget also proposes to continue suspension of oil acquisition activities as one of the Administration's savings initiatives aimed at controlling the deficit. Actions to resolve problems associated with elevated oil temperatures and higher than normal gas content in some of the crude oil will continue. The FY 1996 budget request continues the Comprehensive Life Extension Program initiated in FY 1992 to extend the useful life of critical facilities and systems to the year 2025 by streamlining existing operating systems and using advanced systems technology to improve reliability while reducing life cycle costs. The request also provides funds for decommissioning of the Weeks Island site.

The FY 1996 budget request is proposed to be financed by (1) a transfer of \$187 million from balances in the Petroleum Account to the Reserve Account, (2) an asset sale of \$100 million worth of oil stored at the Weeks Island site, and (3) new budget authority of \$25.7 million.

FISCAL YEAR 1995 AUDITS IN PROCESS

There are no audits being carried over from FY 1995.

FISCAL YEAR 1996 PLANNED AUDITS

Audits of the Reserve planned to start in FY 1996 include the following:

- An audit of construction management to determine whether construction tasks at the Reserve are needed to meet the site's mission and are efficiently executed. (A96NO013)

- An audit of communications equipment at the Reserve to determine whether the Reserve is maintaining the minimum amount of communications equipment needed to meet programmatic requirements. (A96NO014)

SAFEGUARDS AND SECURITY

The Nuclear Safeguards and Security Program is responsible for the development of measures to assure adequate, cost-efficient, and effective protection of the Department's nuclear weapons, nuclear materials, facilities, and classified information against theft, sabotage, espionage, and terrorist activity. The program supports technology development designed to provide state-of-the-art technology for our facilities. These developments will assist in providing cost-effective, long-term security. It also continues to emphasize a comprehensive review and revision of existing classification policies and the declassification of large volumes of classified documents, especially those documents concerning environmental, safety, and health issues. The FY 1996 budget request for these activities is \$89.5 million.

FISCAL YEAR 1995 AUDITS IN PROCESS

One audit started in FY 1995 will continue in FY 1996. This is an audit of arms and military-type equipment to determine whether the Department properly manages and controls arms and military-type equipment inventories in its possession. The audit will specifically determine whether arms and military-type equipment inventories were accurate, whether property disposals were properly controlled and executed and whether equipment loans were appropriate and accounted for properly. (A95CG048)

FISCAL YEAR 1996 PLANNED AUDITS

No audits specifically designated as Safeguards and Security audits are planned for FY 1996. However, the issue of Safeguards and Security has a significant impact on several planned audits dealing with radiation health and the handling and disposal of radioactive waste.

SUPERCONDUCTING SUPER COLLIDER

At the beginning of FY 1994, the Superconducting Super Collider (SSC) Project was being constructed in Waxahachie, Texas. It was designed to be the highest-powered particle collider ever assembled and was to be the largest scientific instrument ever constructed. When completed, the SSC was intended to provide direct evidence concerning the last two predicted, but as yet unobserved, subatomic particles.

On October 28, 1993, the Congress decided to terminate the SSC Project. The FY 1994 Water and Energy Appropriations Act provided \$640 million for the orderly termination of the project. No funds were provided for continuation of the project. The SSC Project Office plans to complete the termination process by the end of Fiscal Year 1996. To that end, DOE and the State of Texas have conducted negotiations on settlement of assets and facilities.

In May 1995, DOE submitted to the Congress and the President a report on maximizing the value of investments made in the SSC. DOE projects that SSC termination activities will continue on schedule and within the FY 1995 appropriated budget. Therefore, barring unexpected contingencies such as higher-than-expected costs to close out large subcontracts and clean up the site, DOE does not plan to request additional funds in FY 1996. However, the OIG plans to review DOE termination activities in FY 1996, in order to identify opportunities for increased economy and efficiency.

FISCAL YEAR 1995 AUDITS IN PROCESS OR PLANNED

No audits will be carried over from FY 1995, nor are any audits planned for FY 1996.

NATIONAL SECURITY

Since a credible nuclear deterrent remains the cornerstone of U.S. national security policy, confidence in the safety, security, reliability, and effectiveness of the enduring nuclear weapons is absolutely essential, and this mission belongs to DOE. DOE's goal is to identify strategies that would enable it to maintain these weapons continuously. The overall program strategies are to:

- Enhance experimental and computational capabilities needed to maintain confidence in the safety and performance of the U.S. stockpile without nuclear testing.
- Enhance weapons and materials surveillance technologies needed to detect potential safety or reliability problems before they become serious.
- Create an effective and efficient production complex to meet future manufacturing needs that eliminate the need for large facilities and infrastructure.
- Maintain long-range stockpile support needed to evaluate the safety, security, reliability, and to repair, replace, and dismantle each of the weapon types in the stockpile when required.
- Maintain some means of tritium production required to support the stockpile after the year 2011.

The National Security Program of DOE represents \$5 billion of DOE's FY 1996 budget request of \$17.8 billion. The National Security budget is divided into two categories: the Weapons Activities (\$3.6 billion), and Other Defense Activities (\$1.4 billion). The Weapons Activities has two major complementary elements: Stockpile Management (\$1.9 billion), and Stockpile Stewardship (\$1.6 billion).

Stockpile Management is responsible for the hands on, day-to-day functions and operations involved in maintenance and surveillance of the enduring nuclear weapons stockpile. This includes the manufacturing of nonnuclear limited life components, reliability upgrades and modifications, warhead dismantlements, and if required, the fabrication of replacement weapons.

One maintenance program, the Tritium Source program, will provide DOE with an analysis of alternative sites and technologies for a new assured tritium source to fulfill national security requirements. FY 1996 funding will be used to initiate a project to provide a new assured tritium source: either a reactor or an accelerator.

Stockpile Stewardship provides design and engineering of new or modified subsystems needed for repairs, upgrades, modifications or replacements of stockpile systems. The program includes first year funding for three major initiatives: Accelerated Strategic Computing Initiative; Defense Programs support for the Los Alamos Neutron Scattering Center; and the National Ignition Facility (NIF) in the Inertial Confinement Fusion (ICF) Program. However, NIF funding for FY 1996 has been cut by the House of Representatives.

Our strategic objectives in auditing National Security activities will be to:

- Identify opportunities for organizational streamlining, achieving cost savings, and other improvements in DOE and contractor program management policies and practices.
- Review the DOE intelligence-related activities to identify areas for improved adherence to Federal statutes and regulations and Departmental directives.

FISCAL YEAR 1995 AUDITS IN PROCESS

Several audits currently in process will continue in FY 1996. They include:

- An audit of the National Resource Center for Plutonium at Pantex to determine if the creation of the National Resource Center for Plutonium is necessary and/or cost-effective. (A95AL137)
- A review of the management of High Explosive Facilities at the Weapons Design Laboratories. The purpose is to evaluate if the Department is consolidating high explosive operations at the weapons design laboratories. (A95LL113)

- An audit of Departmental Economics Development Initiatives to determine whether the Department's economic development goals are being accomplished in a cost-effective manner. (A95NO070)
- A review of the Work Force Restructuring at the Fernald Environmental Management Project. The objective is to determine if the Department's work force restructuring goals are effectively being achieved. (A95CN057)

FISCAL YEAR 1996 PLANNED AUDITS

New audits scheduled to begin during the year include:

- An audit of the Department's Stockpile Management and Stockpile Support programs to determine if stated program goals are being achieved. (A96CG012)
- A review of the Shutdown and Transition at the Mound Plant to determine whether the shutdown and transition progressing in an efficient and effective manner. (A96CN008)
- A survey of Workforce Restructuring at Savannah River to determine if the Department is meeting its objectives under Section 3161 of the FY 1993 Defense Authorization Act. (A96SR039)
- An audit to determine if Savannah River Site is managing its idle facilities as safely and economically as possible. (A96SR037)

OTHER EFFORTS

Several other Program Management audits are in process or planned for FY 1996 that do not fit the above categories. They are:

- A Departmentwide audit is planned to determine if DOE is maintaining managerial and financial control over its work-for-others (reimbursable work) projects. (A96PT028)
- The Clean Coal Technology Program Administration audit will be carried over to FY 1996. The objective of the audit is to determine the adequacy of the Department's internal controls relating to project sponsor cost sharing requirements, oversight of funds obligations and expenditures, and monitoring and accuracy of sponsor repayment obligations. (A95PT020)
- A followup audit on Energy Information Administration (EIA) procurement is planned. The objective of the review is to reevaluate the selection on contracting methods and determine whether the types of contracts awarded for EIA support services are cost-

effective. The audit will also determine if the prior audit report recommendations have been implemented. (A96CM015)

ENVIRONMENTAL MANAGEMENT

For almost five decades the Department of Energy and its predecessor agencies have been involved in the research, development, demonstration and production of a wide variety of products that either contain radioactive materials or use them in the fabrication process. In addition, and equally important, many of these processes used non-radioactive toxic chemicals, which have accumulated over the years at the Department's facilities. Now, the Department is faced with the monumental task of cleaning up its facilities, and in some cases, restoring the environment to its original condition. These cleanup tasks consist of minor problems, such as soil contaminated with oil, to more major ones consisting of large aquifers under the earth's surface contaminated with radioactive materials, and hundreds of tanks filled with millions of gallons of radioactive waste. In short, the cleanup effort will be time consuming and very expensive.

Presently, there are 137 environmental management sites in 34 states, which cover in total over 3,300 square miles of area. The cleanup of the sites is regulated by 103 compliance agreements and many other environmental regulations. One of the primary regulatory instruments is the Tri-Party Agreement, which is negotiated between the Department, the individual States and the Environmental Protection Agency. These agreements set forth milestones for conducting cleanup projects, and establish fines and penalties for non-compliance. In addition, applicable provisions of the Resource Conservation and Recovery Act, and the Comprehensive Environmental Response, Compensation and Liability Act impact the cleanup effort.

The Secretary has established business lines to cover all Department of Energy programs. Environmental Management, under the business line Environmental Quality, includes the Office of Environmental Management; the Office of Civilian Radioactive Waste; the Office of Environment, Health and Safety; and Uranium Enrichment Decontamination and Decommissioning. The total funding for these programs in FY 1995 was about \$7.2 billion. A summary of each program is provided below.

The Office of Environmental Management encompasses both defense and non-defense environmental restoration and waste management at Department facilities. The total budget (including the Uranium Enrichment Decontamination and Decommissioning Fund) for Environmental Management in FY 1995 was \$6.49 billion and the request for FY 1996 is \$6.59 billion. While the FY 1996 request shows a slight increase in funding, it should be noted that Environmental Management will assume site management for Savannah River, Mound, Pinellas and several facilities at other sites. In addition, \$843 million of the \$6.59 billion are budget transfers resulting from the additional responsibilities being assumed by Environmental Management.

The Environmental Management program is planning productivity gains throughout the Department complex by emphasizing greater managerial controls, improving program efficiencies, and reducing contractor personnel. The productivity improvement will be realized without reductions in planned work scope at the sites. Plans are to reduce indirect costs, increase efficiency through better project management, and reduce contractor employees and related costs as a result of improved Federal management.

The major programs carried out under the Office of Environmental Management in FY 1995 were environmental restoration (\$1.38 billion), waste management (\$2.67 billion), nuclear material and facilities stabilization (\$766 million), technology development (\$417 million), and environmental restoration of non-defense facilities and sites (\$216 million).

Environmental restoration work continues at 27 Department sites. There are nearly 700 separate projects or activities funded under the program. The Department's Fernald Ohio site received the most funds, about \$257.7 million in FY 1995, for numerous separate projects and activities. Oak Ridge's Y-12 plant and K-25 site received \$44.2 million and \$14 million respectively, making them two of the largest single projects.

The major funding items under waste management are facility operation and maintenance (\$1.24 billion), new facilities (\$708.8 million), the defense waste processing facility (\$234.6 million) and the waste isolation pilot plant at \$174.3 million. In addition, \$184.1 million was spent on program management.

The nuclear materials and facilities stabilization effort is directed toward the deactivation of facilities once used for weapons production but no longer needed. This entails the removal of fuel, draining nonessential systems, removal of stored radioactive and hazardous materials, and other surveillance and maintenance activities to protect workers, the public and the environment. In FY 1995, \$746 million (out of \$766 million) was spent at three sites--Rocky Flats, Richland and Idaho.

The technology development effort is looking for efficient and effective methods for use in cleaning up the sites and facilities. While numerous research and development activities are being conducted, they can be categorized into five major areas. The areas are mixed waste, radioactive waste tank remediation, landfill stabilization, contaminant plume containment and remediation, and facility transitioning, decommissioning and final disposition.

The Uranium Enrichment Decontamination and Decommissioning work is jointly funded by commercial users of the facilities and the Government, since both used the facilities extensively. This effort involves cleaning up the gaseous diffusion plants located at Portsmouth, Ohio; Oak Ridge, Tennessee; Paducah, Kentucky; the K-25 Site at Oak Ridge; and the restoration of active uranium and thorium sites. The budget authority for FY 1995 was \$301.3 million and \$288.8 million is being requested for FY 1996.

The Office of Civilian Radioactive Waste Management has the mission to provide safe disposal for nuclear power reactor fuel and high level defense waste produced by the Department's nuclear weapons program. Thus, the program is jointly funded by the nuclear power industry and the Government. Most of this program's activity centers on proving the ability of the Yucca Mountain site, located in Nevada, to isolate the waste for 10,000 years. The Nuclear Waste Disposal program received \$522.9 million in FY 1995 and is budgeted \$630.0 million in 1996, of which \$198 million is the Government contribution. In addition, the program is also responsible for developing transportation casks and providing for monitored retrieval storage, if it should become necessary.

The Office of Civilian Radioactive Waste Management has developed a new program approach to speed up the characterization of Yucca Mountain to determine site suitability. Site characterization activities have been realigned, some postponed and others deleted, and supported with increased funding to provide a determination in 1998. Basically, the approach is not going to fulfill the original characterization plan reviewed by the stakeholders, namely the Nuclear Regulatory Commission.

The Environment, Safety and Health program is dedicated to providing protection to the worker, the public and the environment. On the human side, the Department intends to fully meet the Occupational Safety and Health Act requirements at its facilities. The environmental side focuses on preventing any further degradation to the environment at its facilities and correcting past problems to prevent health and safety hazards. The activities conducted pursuant to this program are funded through the various programs conducted by the Department. No separate budget or reporting codes are used to fund these activities. Funding for this program in FY 1995 was \$182 million and \$212.7 million is requested for FY 1996.

FISCAL YEAR 1995 AUDITS IN PROCESS

Three audit are being carried over to FY 1996. They are:

- An audit to review waste minimization and pollution prevention efforts at Department facilities in Oak Ridge that are managed by Lockheed Martin Energy Systems, Inc. The objective of the audit is to determine if the waste minimization and pollution prevention activities are being properly managed and emphasized in order to meet legal requirements. (A95OR016)
- An audit to determine if the cleanup of specific groundwater contamination at the Savannah River Site was necessary to protect human health and the environment and whether the treatment methods were effective and cost efficient. The Department was required to reduce groundwater contamination representing a risk to human health and the environment. The standard to which the groundwater must be decontaminated is in part dependent on the intended future use of the property. (A94SR015)

- An audit to determine whether the Chicago Operations Office has effectively and efficiently managed environmental projects to allow achievement of desired program results. (A95CH001)

FISCAL YEAR 1996 PLANNED AUDITS

Audits currently planned to begin in FY 1996 include:

- An audit to determine if the Department has adequately planned the proposed construction of waste handling facilities at Rocky Flats and the Hanford Reservation. (A96DN008)
- An audit to determine if the Department is limiting expenditures for mixed waste treatment facilities until it has assurance that viable technologies are available. (A96LL027)
- An audit at Los Alamos National Laboratory to determine if seven waste management construction projects were adequately planned. (A96LA022)
- An audit to determine whether the Department's decontamination and decommissioning strategy for the Fernald project is cost-effective and technically feasible, and whether agreements between the Department and the State of Ohio are in the best interest of the taxpayers based on the current technology available. (A96CN007)

INFRASTRUCTURE

Infrastructure is defined as the basic facilities, equipment, and installations needed for DOE to fulfill its current and future missions. Infrastructure encompasses facilities management; General Plant Projects (GPP's) planning and construction; and general purpose Line Item Construction Projects (LICP's) at DOE facilities spread throughout the nation.

Facility management consists of all actions necessary to plan, construct, maintain, and dispose of the facilities at a DOE site. The functions of site development planning, design management, construction/project management, facility utilization planning and management, utilities management, energy management, maintenance management, real property management, and workspace management planning are all aspects of facility management activity. Both GPP's and LICP's require some exposure to facility management activity during their life-cycles.

General Plant Projects are miscellaneous minor new construction projects of a general nature. The total estimated cost of GPP's should not exceed \$1.2 million per project as mandated by Public Law 99-145. Valid needs for GPP's include adapting facilities to new or improved production techniques, affecting economies of operations, and reducing or eliminating health, fire, and security problems. The design and construction of small new

buildings; replacements or additions to roads; improvements to land, buildings and utility systems; and general area improvements are funded as GPP's.

As opposed to the \$1.2 million limit on GPP's, Line Item Construction Projects can be of any amount. LICP's are submitted as separately identified projects for review and approval by Congress during the budget process. The projects may be used to provide land and/or facilities for the long-term programmatic support and administrative needs of DOE facilities. Program specific buildings, support and service buildings, utilities, and major new roads are examples of LICP's.

A major portion of the Department's infrastructure/assets and facility management activities support its various research and weapons complex facilities. These facilities are primarily national laboratories that support the bulk of DOE's far-ranging research and development and national security activities.

The Galvin Report, discussed earlier in the National Laboratories section of "Program Management" contained the following recommendations that could affect laboratory infrastructure:

- **SCIENCE/ENGINEERING RESEARCH** – *Support for operating and maintaining large facilities in the DOE's Office of Energy Research should be budgeted separately from funds for specific programs.*

The Office of Energy Research is the primary landlord or funding source for facilities support for multiprogram nondefense energy laboratories. The goal of facilities support is to provide for the ongoing rehabilitation, upgrade, and replacement of general purpose infrastructure support facilities necessary to the continued safe, cost-effective, and environmentally responsible operation of the Department's multiprogram laboratories. However, the Galvin Report recommended that support for operating and maintaining large facilities by the Office of Energy Research should be budgeted separately from funds for specific programs. Such separation would provide better accountability and budgetary control, and would impose greater discipline on decisions requiring trade-offs to be made between investing in new facilities and keeping existing ones in service. During FY 1996, Energy Research will fund facilities management and GPP activities at Argonne National Laboratory, Brookhaven National Laboratory, Lawrence Berkeley National Laboratory, Oak Ridge National Laboratory, Pacific Northwest Laboratory, and Oak Ridge Institute of Science and Education.

- **FACILITIES** – *Over a period of one to two years, the Department and Congress should develop and implement a new ~~modus operandi~~ of Federal support for the national laboratories, based on private sector style "corporatized" laboratory system.*

The Galvin Report noted that although superb facilities exist at DOE laboratories, some facilities have been allowed to languish. The report went on to state that the insufficient attentiveness of DOE in keeping up the quality of existing facilities or the disposition of

obsolete facilities is evident. A gradual reinvestment by the Government in repairing research laboratories, and upgrading research instrumentation is needed. After facilities are upgraded and repaired over a period of years, the responsibility for maintaining and upgrading those facilities should be turned over to the laboratories.

- **NATIONAL SECURITY** – *Continued funding support for the Dual-Axis Radiographic Hydrodynamic Testing facility; continued near-term support for the Los Alamos Neutron Scattering Experiment/Los Alamos Meson Physics Facility; continued pursuit of advanced computing, including computing through workstation networks; and proceeding with the National Ignition Facility as a research facility, balanced with respect to other major investments.*

The Department has committed to transforming its national security infrastructure to meet all current and future requirements caused by the profound change resulting from the collapse of the Soviet Union. The Department's national security activities are being transformed from an emphasis on weapons production to stockpile stewardship. A key mission is to enhance the technology infrastructure and core competencies for the execution of the National security mission while assisting industrial competitiveness. The Core Stockpile Stewardship program provides for the physical and intellectual infrastructure required for the science-based stewardship program at the three defense laboratories and maintains the Nevada Test Site in a state of readiness to conduct underground nuclear tests within 3 years, if necessary.

H.R. 1530 authorized \$15.6 million for FY 1996 to fund a support facility in North Las Vegas, Nevada. Additionally, Defense Programs provides support for the Los Alamos Neutron Scattering Center and the National Ignition Facility in the Inertial Confinement Fusion program. The ICF program is maintained at a level to promote the application of ICF technology in support of Stockpile Stewardship objectives, such as laboratory experimentation and theoretical studies into weapons physics and weapons effects testing. Also, H.R. 1530 authorized \$37.4 million for the NIF.

The other major National Defense function of the Department is stockpile management. Stockpile management encompasses the production, maintenance, and surveillance of those nuclear weapons specified in the Nuclear Weapons Stockpile Plan, which is jointly developed by the Department of Defense and Department of Energy and approved annually by the President. Although no new nuclear weapons are expected to be built in the near future, the Department anticipates a need for an assured tritium source to fulfill national security requirements.

The Department requested FY 1996 funding to initiate a project to provide a new tritium source, either a reactor or an accelerator. The record of decision is expected in November 1995. However, H.R. 1530 section 3133 authorized FY 1996 funds of \$100 million for new tritium production activities. Of the \$100 million, \$60 million was allocated for implementation of the multipurpose water reactor technology and the remaining \$40 million would go toward research and development of accelerator technology to produce

tritium. The Idaho National Engineering Laboratory (INEL) would receive \$20 million of the \$60 million for the test and development of both the Light Water Reactor Tritium Target Program and the Mixed Oxide Fuels program.

FISCAL YEAR 1995 AUDITS COMPLETED OR IN PROCESS

The following audits were started in FY 1995 and will continue into FY 1996:

- An audit of construction management at the INEL to determine if Idaho is managing cost effective, efficient, and economical construction projects. The audit objectives are to determine whether Idaho was validating plans; identifying and evaluating construction project alternatives; and reassessing the need for planned construction projects. (A95IF018)
- An audit of the Human Genome Laboratory at the Lawrence Berkeley Laboratory to determine if the Department has adequately assessed the current mission need for the Human Genome Laboratory and evaluated possible alternative methods of meeting the need. (A95LL138)
- An audit of Architect/Engineer services and costs at INEL to determine whether Idaho is acquiring contracts for these services in accordance with Federal requirements; whether costs for conventional construction projects are reasonable; and whether the costs are comparable with private industry standards. (A95IF130)

FISCAL YEAR 1996 PLANNED AUDITS

Audits currently planned to begin in FY 1996 include:

- An audit of management of construction projects at the Nevada Test Site (Site) to determine whether construction projects at the Site are based on current and foreseeable mission requirements. A moratorium on nuclear testing went into effect in October of 1992, however, DOE continues to plan and construct facilities to support a mission of nuclear testing. Many of these construction projects may not be needed or could be rescoped based on the changed mission. (A96LV032)
- An audit of construction management at the Strategic Petroleum Reserve (Reserve) to determine if the Reserve's construction tasks are efficiently planned, executed and consistent with its Comprehensive Life Extension Program. The Reserve may be executing projects not needed to accomplish its mission and may be incurring excess costs for other projects. The Program will extend the life of the Reserve to the Year 2025 and will require a reduction in the size of the Reserve. (A96NO013)

- An audit of idle facilities at the Savannah River Site to determine whether the SRS is managing its idle facilities as safely and economically as possible. The mission change at SRS has caused millions of dollars to be incurred to maintain idle facilities that may never be needed. Some costs may be saved by deactivating and decommissioning idle facilities that have no foreseeable mission need. Savannah River currently has 195 facilities identified as idle and 39 other facilities which will become idle within the next five years. Savannah River has an additional 103 facilities that have diminishing Defense Programs missions and funding which could also become idle. (A96SR037)

ADMINISTRATIVE SAFEGUARDS

The key issue area of Administrative Safeguards includes those audits that cover activities with a high risk for waste, fraud, or mischarging. These audits are performed to identify instances of waste, fraud, or mischarging and to deter similar instances from occurring in the future. For example, identification of fraudulent actions in an activity will often deter others from engaging in the same actions. Similarly, identification of claims for unallowable costs will alert the Department to such improper claims and help deter their recurrence. Prompt detection of problem areas in an activity will foster corrective actions before operations are significantly impacted.

Past audits of vulnerable activities have identified improper actions such as misuse of imprest funds, claims for overtime not worked, and fraudulent travel claims. In addition, past audits have identified numerous instances of claims for unallowable costs such as travel and relocation costs that were not in compliance with contract terms or applicable regulations. Generally, audits of these activities involved more than one key issue area.

Most vulnerable activities have received some coverage. However, further audits in these areas can help reduce the risk of waste, fraud, and mischarging.

FISCAL YEAR 1995 AUDITS IN PROCESS

A Departmentwide audit of sales and leases of real property will be continued in FY 1996. The audit is focusing on the risks associated with not receiving the best price for a sale or a lease of Department property; litigation due to noncompetitive sales and leases; and circumvention of Government regulations. (A95NO090)

FISCAL YEAR 1996 PLANNED AUDITS

Audits planned to begin in FY 1996 include:

- A Departmentwide audit of DOE facilities to evaluate the Department's leases. Specifically, the audit will determine if leases have been properly reviewed and justified, and if leases are economical and prudent when compared with the costs associated with purchasing facilities. (A96CG013)
- A review of equipment that is being held for future use to determine if certain equipment is still needed for future projects or programs. With the changes in programmatic emphasis and recent cutbacks experienced by DOE in the past few years, there is a strong possibility that some of this equipment is no longer needed. (A96AL001)

CUSTOMER SERVICE

The Deputy Inspector General for Audit Services has established policies and procedures to ensure that customer input is obtained and responded to throughout the audit process from planning through post-evaluation of issued audit reports.

In the early stages of its annual planning process, the Office of Audit Services solicits audit suggestions from Program Secretarial Officers and others, including local field office managers. Senior OIG staff, including the Deputy Inspector General for Audit Services, periodically convene customer focus groups to discuss audit suggestions and to obtain additional planning input. Similarly, OIG staff at local DOE field offices periodically meet with program managers to obtain their input to the audit planning process. Customer input to Office of Audit Services' plans are best exemplified in recent audits conducted at the request of the Deputy Secretary at the Strategic Petroleum Reserve and the Assistant Secretary for Environmental Management at the Waste Isolation Pilot Plant.

Customer suggestions are evaluated by senior OIG staff to determine their priority as shown by their relationship to the OIG key issue areas, the Secretary's Strategic Plan, previous or ongoing work by the OIG or other audit entities working in the Department. The Office of Audit Services advises its customers about the disposition of their suggestions at the end of the planning process.

During the performance of audits, the Office of Audit Services ensures that customers are afforded many opportunities to express their views and expectations. Audit policy requires an entrance conference with the auditees to inform them about audit goals and objectives. Also, it is our policy to obtain management comments on audit findings as early as possible during an audit, rather than waiting until all field work has been completed and a draft report written, thus ensuring continual communication with customers about the results of our work.

Customers are also afforded the opportunity to comment officially on Office of Audit Services' Official Draft Reports and Final Reports. OIG staff meet with auditees to discuss their comments during exit conferences and respond to comments in final reports.

The Office of Audit Services also includes a "Customer Response Form" in each issued final report which allows customers to provide the Office of Inspector General with their perceptions and recommendations for improved service. The Deputy Inspector General for Audit Services acknowledges receipt of and responds to the customer feedback.

LIST OF PERFORMANCE CARRY-IN AUDITS

A94OR086	ENERGY SYSTEMS WASTE MANAGEMENT
A94PL116	INFORMATION MANAGEMENT AT BONNEVILLE POWER ADMIN
A94SR015	SAVANNAH RIVER SITE ENVIRONMENTAL SAMPLING PROGRAM
A95AL005	PANTEX MANAGEMENT OF ENVIRONMENT, SAFETY & HEALTH
A95AL133	USER FACILITIES AT DOE LABORATORIES & PLANTS
A95AL137	PLUTONIUM NATIONAL RESOURCE CENTER
A95AT001	DOE ACCOUNTING SYSTEM APPLICATION CONTROLS
A95CF002	OVERTIME USE
A95CG008	DOE CONSTRUCTION PROJECTS
A95CG044	REVIEW OF INTERAGENCY AGREEMENTS
A95CG048	ARMS & MILITARY TYPE EQUIPMENT REVIEW
A95CH001	CHICAGO ENVIRONMENTAL PROJECT MANAGEMENT
A95CH003	ADVANCED PHOTON SOURCE USER FEES
A95CH004	OMB CIRCULAR A-131 IMPLEMENTATION
A95CH005	DOE'S USE OF CONTRACTOR EMPLOYEES
A95CN057	FERNALD WORK FORCE RESTRUCTURING
A95DN016	M&O WORKERS' COMPENSATION BENEFITS
A95IF018	IDAHO NATIONAL ENGINEERING LABORATORY CONSTRUCTION PLANNING & MANAGEMENT
A95IF130	IDAHO NATIONAL ENGINEERING LABORATORY ARCHITECT/ ENGINEERING SERVICES & COSTS
A95IF132	USE OF MEMO PURCHASE ORDERS
A95LA020	LOS ALAMOS NATIONAL LABORATORY CONSULTANTS
A95LL113	HIGH EXPLOSIVES FACILITIES MANAGEMENT
A95LL138	HUMAN GENOME LABORATORY AT LAWRENCE BERKELEY NATIONAL LABORATORY
A95LV136	DOE/NEVADA NUCLEAR PREPAREDNESS
A95NO069	PINELLAS WORK FORCE RESTRUCTURING
A95NO070	DOE ECONOMIC DEVELOPMENT INITIATIVES
A95NO090	DOE REAL PROPERTY DISPOSITION
A95OR015	OAK RIDGE CONSTRUCTION CONTRACTING
A95OR016	MARTIN MARIETTA ENERGY SYSTEMS WASTE MINIMIZATION
A95PL032	BONNEVILLE POWER ADMIN MAINTENANCE PROGRAMS
A95PR020	SALARY FREEZE AT MANAGEMENT & OPERATING CONTRACTORS
A95PT020	CLEAN COAL TECHNOLOGY PROGRAM ADMINISTRATION
A95PT043	M&O PERFORMANCE BASED AWARD FEES
A95RL035	WASTE HANDLING FACILITY REQUIREMENT
A95RL116	SUBCONTRACT MANAGEMENT AT HANFORD
A95SR021	SAVANNAH RIVER SITE ELECTRICITY & STEAM PRODUCTION

LIST OF FINANCIAL STATEMENT CARRY-IN AUDITS

CFO / GMRA AUDITS

A94PL120	BONNEVILLE POWER ADMINISTRATION (FY 1994)
A95AT005	DOE'S FINANCIAL INFO SYSTEM (FIS)
A95CR041	DEPARTMENTWIDE CFO AUDIT TASK FORCE
A95DN011	WESTERN AREA POWER ADMINISTRATION
A95DN014	SOUTHWESTERN POWER ADMINISTRATION
A95DN034	ALASKA POWER ADMINISTRATION
A95LL025	NAVAL PETROLEUM & OIL SHALE RESERVES
A95OR071	ISOTOPE PRODUCTION & DISTRIBUTION PROGRAM
A95OR072	URANIUM ENRICHMENT DECONTAMINATION & DECOMMIS- SIONING FUND
A95OR073	SOUTHEASTERN FEDERAL POWER PROGRAM
A95PL033	BONNEVILLE POWER ADMINISTRATION (FY 1995)
A95AL118	ALBUQUERQUE OPERATIONS OFFICE
A95AL119	LOS ALAMOS NATIONAL LABORATORY
A95AL120	SANDIA NATIONAL LABORATORY
A95AL122	ALLIED SIGNAL - KANSAS CITY, MO
A95AL123	PANTEX PLANT - AMARILLO, TX
A95CH079	CHICAGO OPERATIONS OFFICE
A95CH080	FERMI NATIONAL ACCELERATOR LABORATORY
A95DN121	ROCKY FLATS, CO
A95IF128	IDAHO OPERATIONS OFFICE
A95IF129	LOCKHEED - IDAHO FALLS, ID
A95LL126	OAKLAND OPERATIONS OFFICE
A95LL127	LAWRENCE LIVERMORE NATIONAL LABORATORY
A95OR075	OAK RIDGE OPERATIONS OFFICE
A95OR076	MARTIN MARIETTA ENERGY SYSTEMS
A95OR081	UNIVERSITY RESEARCH ASSOCIATES
A95RL124	RICHLAND OPERATIONS OFFICE
A95RL125	WESTINGHOUSE - RICHLAND
A95SR077	SAVANNAH RIVER OPERATIONS OFFICE
A95SR078	WESTINGHOUSE - SAVANNAH RIVER

FINANCIAL CERTIFICATION AUDITS

A94PR039	PRINCETON PLASMA PHYSICS LABORATORY (FY 1994)
A95AL076	WESTINGHOUSE - CARLSBAD, NM
A95AL077	MASON/HANGER - AMARILLO, TX
A95AL078	SANDIA NATIONAL LABORATORY
A95AL079	RUST GEOTECH - GRAND JUNCTION, CO
A95CH059	ARGONNE NATIONAL LABORATORY (YEAR END)
A95CH060	AMES LABORATORY (YEAR END)

A95CH061	FERMI NATIONAL ACCELERATOR LABORATORY (YEAR END)
A95CH062	WEST VALLEY NUCLEAR SITE (YEAR END)
A95CH063	ARGONNE NATIONAL LABORATORY (IAA)
A95CH064	FERMI NATIONAL ACCELERATOR LABORATORY (IAA)
A95CH065	AMES LABORATORY (IAA)
A95CH066	WEST VALLEY NUCLEAR SITE (IAA)
A95CN032	EG&G MOUND, OH
A95DN080	EG&G ROCKY FLATS, CO
A95DN081	NATIONAL RENEWABLE ENERGY LABORATORY
A95DN082	FLEUR DANIELS - CASPER, WY
A95IF083	LOCKHEED - IDAHO FALLS, ID
A95LA084	ALLIED SIGNAL - KANSAS CITY, MO
A95LA085	LOS ALAMOS NATIONAL LABORATORY
A95LL086	LAWRENCE LIVERMORE NATIONAL LABORATORY
A95LL087	BECHTEL - BAKERSFIELD, CA
A95LL088	LAWRENCE BERKELEY LABORATORY
A95LL089	STANFORD LINEAR ACCELERATOR CENTER
A95LL111	ENERGY TECHNOLOGY ENGINEERING CENTER
A95LV090	EG&G ENERGY MEASUREMENTS - LAS VEGAS, NV
A95LV091	RAYTHEON SERVICES
A95LV092	REYNOLDS ELECTRICAL ENGINEERING COMPANY, INC
A95NO033	DYN MCDERMOTT
A95NO034	MARTIN MARIETTA SPECIALTY COMPONENTS
A95OR035	OAK RIDGE ASSOCIATED UNIVERSITIES
A95OR036	M-K FERGUSON
A95OR037	MARTIN MARIETTA ENERGY SYSTEMS
A95PR038	BROOKHAVEN NATIONAL LABORATORY
A95PR039	PRINCETON PLASMA PHYSICS LABORATORY (FY 1995)
A95RL093	WESTINGHOUSE - RICHLAND, WA
A95RL094	BATELLE PACIFIC NORTHWEST LABORATORY
A95RL095	HANFORD ENVIRONMENTAL HEALTH FOUNDATION
A95SR040	WESTINGHOUSE SAVANNAH RIVER (YEAR END)
A95SR053	WESTINGHOUSE SAVANNAH RIVER (IAA)

NOTE: YEAR-END AND INTERNAL AUDIT ASSESSMENTS PERFORMED AS SEPARATE AUDITS IN FY 1995, BUT COMBINED IN FY 1996

OTHER FINANCIAL AUDITS

A94OR078	MARTIN MARIETTA COST ACCOUNTING STANDARDS REVIEW
A95CN074	FERNALD INTERIM COST AUDIT
A95CG040	FY 1995 FEDERAL MANAGERS FINANCIAL INTEGRITY ACT
A95DN134	WAPA BOULDER CANYON FY 1995 FINANCIAL STATEMENT
A95DN135	WAPA PARKER DAVIS FY 1995 FINANCIAL STATEMENT
A95LV027	WACKENHUT FY 1993-1994 INCURRED COSTS

A95OR087 MARTIN MARIETTA TELECOMMUNICATIONS SERVICE
 A95PR088 PRINCETON X-RAY LASER FINAL COST
 A95PR089 PRINCETON BENEFITS FY 1988-1994

LIST OF PLANNED FISCAL YEAR 1996 PERFORMANCE AUDITS

A96AL001 EQUIPMENT HELD FOR FUTURE USE
 *A96AL002 AWARDS TO SANDIA NATIONAL LABORATORY EMPLOYEES
 *A96AL003 PANTEX MAINTENANCE
 A96AT004 DOE COMPUTER CENTER CONSOLIDATION
 A96CF001 CONTRACTOR INSURANCE COSTS
 A96CF002 SUPPLY AND WAREHOUSE OPERATIONS
 A96CF003 M&O COVERAGE - TRW ENVIRONMENTAL SAFETY SYSTEMS
 *A96CF004 FEDERAL ENERGY REGULATORY COMMISSION ACQUISITION OF
 ADP
 *A96CF005 UTILITY PURCHASES
 A96CG010 REVIEW OF RADIATION HEALTH PROGRAM
 *A96CG011 SMALL BUSINESS INNOVATIVE RESEARCH PROGRAM
 A96CG012 STOCKPILE MANAGEMENT AND SUPPORT
 A96CG013 DEPARTMENTWIDE AUDIT OF LEASED FACILITIES
 A96CH001 SURVEY OF ENERGY RESEARCH'S PEER REVIEW PROCESS
 *A96CM015 FOLLOWUP AUDIT ON ENERGY INFORMATION ADMINISTRATION
 PROCUREMENT
 A96CN007 SURVEY OF DECONTAMINATION & DECOMMISSIONING ACTIV-
 ITIES AT FERNALD
 A96CN008 MOUND PLANT SHUTDOWN AND TRANSITION
 *A96CN009 COMMUNITY RE-USE ORGANIZATION LOBBYING ACTIVITIES
 A96DN008 ROCKY FLATS WASTE HANDLING FACILITIES
 *A96DN009 ENVIRONMENTAL RESTORATION AT ROCKY FLATS
 A96DN010 ROCKY FLATS PERFORMANCE AWARDS
 A96IF017 IDAHO NATIONAL LABORATORY LEASED FACILITIES
 A96IF018 IDAHO NATIONAL LABORATORY AUTOMATIC DATA PROCESSING
 MANAGEMENT
 *A96LA021 LOS ALAMOS NATIONAL LABORATORY GENERAL INDIRECT &
 RECHARGE FUND
 A96LA022 LOS ALAMOS NATIONAL LABORATORY WASTE MANAGEMENT
 *A96LA023 SURVEY OF JOHNSON CONTROLS
 A96LL025 LIVERMORE & BERKELEY LABS RENOVATION PROJECTS
 *A96LL026 UNIVERSITY OF CALIFORNIA LABORATORY DIRECTED R&D
 A96LL027 MIXED WASTE CONSTRUCTION
 A96LV031 CONTRACT CONSOLIDATION
 A96LV032 NUCLEAR TEST SITE CONSTRUCTION PROJECTS MGMT
 A96LV033 YUCCA MOUNTAIN QUALITY ASSURANCE

*A96NO013	STRATEGIC PETROLEUM RESERVE CONSTRUCTION MGMT
*A96NO014	STRATEGIC PETROLEUM RESERVE COMMUNICATIONS EQUIP
A96NO015	SURVEY OF SAVANNAH RIVER CONSTRUCTION MGMT
A96OR018	DOE'S RADIOACTIVE WASTE LEVEL DETERMINATIONS
A96OR019	DIFFUSION PLANT TROUGHING/INSPECTION
A96OR020	LOCKHEED MARTIN ENERGY SYSTEMS MAINTENANCE
A96OR021	SCIENTIFIC & TECHNICAL INFORMATION OFFICE
*A96PL034	BONNEVILLE'S OVERSIGHT OF SUPPLY SYSTEM COSTS
A96PR030	SURVEY OF LABOR DISTRIBUTION AT DOE LABORATORIES
A96PR031	INTERNATIONAL THERMONUCLEAR REACTOR
*A96PT018	DOE SCIENTIFIC AND TECHNICAL INFORMATION PROCESSES
*A96PT019	OCCUPATIONAL INJURIES & ILLNESSES
A96PT020	LABORATORY DIRECTED RESEARCH & DEVELOPMENT
A96RL036	LEASED FACILITIES
A96RL037	HANFORD DRILLING OPERATIONS
A96SR037	SAVANNAH RIVER SITE IDLE FACILITIES
*A96SR038	DOE ENVIRONMENTAL CONTROL SAMPLING
A96SR039	SAVANNAH RIVER SITE WORKFORCE RESTRUCTURING SURVEY

"" indicates significant audits that are a high priority, but will probably not be started due to staffing limitations.*

LIST OF PLANNED FISCAL YEAR 1996 FINANCIAL AUDITS

CFO / GMRA AUDITS

A96AL004	ALBUQUERQUE OPERATIONS OFFICE
A96AL005	LOS ALAMOS NATIONAL LABORATORY
A96AL006	SANDIA NATIONAL LABORATORY
A96AL007	ALLIED SIGNAL - KANSAS CITY, MO
A96AT002	DOE ACCOUNTING SYSTEM SITE REVIEWS
A96AT003	PAY/PERS AUTOMATED SYSTEMS REVIEW
A96CH002	CHICAGO OPERATIONS OFFICE
A96CM017	DOE CONSOLIDATED FIN AUDIT-PHASE 2
A96DN011	ROCKY FLATS, CO
A96DN012	SOUTHWESTERN FEDERAL POWER SYSTEM
A96DN013	WESTERN AREA POWER ADMINISTRATION
A96DN014	ALASKA POWER ADMINISTRATION
A96IF019	IDAHO OPERATIONS OFFICE
A96IF020	LOCKHEED - IDAHO FALLS, ID
A96LL028	OAKLAND OPERATIONS OFFICE
A96LL029	LAWRENCE LIVERMORE NATIONAL LABORATORY
A96LL030	NAVAL PETROLEUM & OIL SHALE RESERVES

A96OR022	OAK RIDGE OPERATIONS OFFICE
A96OR023	LOCKHEED MARTIN ENERGY SYSTEMS
A96OR024	UNIVERSITY RESEARCH ASSOCIATES
A96OR025	URANIUM ENRICHMENT DECONTAMINATION & DECOMMIS- SIONING FUND
A96OR026	SOUTHEASTERN FEDERAL POWER SYSTEM
A96OR027	ISOTOPE PRODUCTION & DISTRIBUTION PROGRAM
A96PL035	BONNEVILLE POWER ADMINISTRATION
A96PT025	NAVAL REACTORS AT PITTSBURGH, PA & SCHENECTADY, NY
A96RL038	RICHLAND OPERATIONS OFFICE
A96RL039	WESTINGHOUSE - HANFORD
A96SR040	SAVANNAH RIVER SITE

FINANCIAL CERTIFICATION AUDITS

A96CF009	TRW ENVIRONMENTAL SAFETY SYSTEMS
A96CH003	ARGONNE NATIONAL LABORATORY
A96CH004	FERMI NATIONAL ACCELERATOR LABORATORY
A96CH005	WEST VALLEY NUCLEAR SITE
A96CH006	AMES LABORATORY
A96CN011	EG&G MOUND, OH
A96LV044	KAISER-HILL - GOLDEN, CO
A96NO016	DYN MCDERMOTT
A96NO017	LOCKHEED MARTIN SPECIALTY COMPONENTS
A96OR028	OAK RIDGE ASSOCIATED UNIVERSITY
A96OR029	LOCKHEED MARTIN ENERGY SYSTEMS
A96PR032	PRINCETON PLASMA PHYSICS LABORATORY
A96PR033	BROOKHAVEN NATIONAL LABORATORY
A96PT021	SCHENECTADY NAVAL REACTORS
A96PT022	PITTSBURGH NAVAL REACTORS
A96PT023	KNOLLS ATOMIC POWER LABORATORY
A96PT024	BETTIS ATOMIC POWER LABORATORY
A96RL040	WESTINGHOUSE - RICHLAND, WA
A96RL041	BATELLE PACIFIC NORTHWEST LABORATORY
A96RL042	HANFORD ENVIRONMENTAL LABORATORY
A96SR041	WESTINGHOUSE SAVANNAH RIVER CORPORATION

OTHER FINANCIAL AUDITS

A96CF006	CONTRACTOR SALARIES
A96CF007	RESTRICTIONS ON LOBBYING (FY 1995)
*A96CF008	M&O CONTRACTOR TRAVEL
*A96CG014	ADP CONTRACT COST CONTROLS
*A96CN010	FERNALD COMPENSATION
A96LA024	COMMUNITY ASSISTANCE

A96PT028 DEPARTMENTWIDE WORK-FOR-OTHERS
A96PT029 DOE'S NATIONAL OIL PROGRAM
A96DN015 WAPA-BOULDER CANYON FY 1996 FINANCIAL STATEMENT
A96DN016 WAPA-PARKER DAVIS FY 1996 FINANCIAL STATEMENT

"" indicates significant audits that are a high priority, but will probably not be started due to staffing limitations.*

OFFICE OF INSPECTIONS PLANNED FY 1996 WORK

INTRODUCTION

A. General

The Department of Energy's Office of Inspector General (OIG) operates under the authority of the Inspector General Act of 1978, as amended. The Office of Inspections operates under the authority of Section 6(a) of that Act which states, in part, that the Inspector General (IG) is authorized "to make such investigations and reports relating to the administration of the programs and operations of the applicable establishment as are, in the judgment of the Inspector General, necessary or desirable." The legislation also provides under section 7(a) that the Inspector General may receive and investigate complaints or information from an employee of the establishment concerning the possible existence of an activity constituting a violation of law, rules, or regulations, or mismanagement, gross waste of funds, abuse of authority or a substantial and specific danger to the public health and safety.

The Office of Inspections performs two types of reviews. One type is based on the receipt of administrative (i.e., noncriminal) allegations. The other type is a management systems review or evaluation.

The IG receives allegations, many of which the IG determines should be referred to management. The IG has assigned the Office of Inspections lead responsibility for the OIG management referral system. Under this system, selected complaints or allegations received by the OIG through the OIG Hotline or from other sources may be referred to other agencies, DOE management, or OIG offices for action.

The IG has assigned the Office of Inspections lead responsibility for the OIG in reviewing existing and proposed legislation and regulations relating to the Department's programs and operations, as required by section 4(a)(2) of the IG Act.

The Office of Inspections performs inspections and analyses, as required. The Office provides a resource to the Inspector General as a flexible organization with a wide range of analytical skills and methodologies for conducting reviews and inquiries. Assignments are often on unanticipated issues that suddenly arise and need immediate attention. In addition, the Office is often called upon to perform special inquiries which are usually initiated at the request of senior DOE management or by Congress.

The Office of Contractor Employee Protection will become a part of the Office of Inspections organization in Fiscal Year 1996. The Office of Contractor Employee Protection has responsibilities under the DOE Contractor Employee Protection Program (10 C.F.R. Part 708), and directly manages the investigative, adjudicative, and administrative activities of that program. The Office of Contractor Employee Protection is responsible for contractor

employee whistleblower investigation provisions of section 6006 of the Federal Acquisition Streamlining Act of 1994.

The Office of Contractor Employee Protection's planned work is not reflected in this work plan due to the timing of the Office being added to the Office of Inspections. Some inspections in this plan may not be initiated due to higher priority projects that require that the planned work be modified, or that the planned work be postponed or replaced altogether by other projects.

B. Mission

The Office of Inspections has been established to assist in meeting the strategic objectives of the Office of Inspector General (OIG) by providing independent and objective inspections and analyses of the effectiveness, efficiency, and economy of the Department of Energy's programs and operations. The mission of the Office of Inspections is to review the effectiveness and efficiency of programs, projects, and operations; to review compliance with laws, executive orders, and regulations; and to review program results. Also, the Office of Inspections performs reviews of administrative allegations received by the OIG and processes Inspector General referrals to Department management for appropriate action.

The Office of Inspections provides a resource to the OIG as a flexible organization with a wide range of analytical skills and methodologies for conducting reviews and inquiries. Current inspection efforts emphasize diverse and important areas such as environment, safety, and health; environmental restoration and waste management; intelligence; and management issues that impact economy, efficiency, and effectiveness of operations.

Sources for topics of the Office of Inspections include issues of specific interest to the Inspector General; issues identified by management and/or Congress; and issues the Office of Inspections believes will contribute to the economy, efficiency and effectiveness of the Department's programs and operations. The Office of Inspections, specifically, stresses reviews of administrative allegations and "spin-off" management issues.

The types of inspections and analyses performed by the Office of Inspections are as follows:

1. **Allegation Based Inspection:** A highly focused, fact-finding inspection that is typically in response to an allegation of waste or mismanagement and is typically performed using procedures similar to the Office of Investigations.
2. **Management Issue(s) Inspection:** A fact-finding and analysis inspection regarding a specified management issue(s). The scope is usually tightly focused around a single issue or cluster of issues.
3. **Program/Project Operations Inspection:** An inspection of policies, procedures, and controls applicable to the program/project being inspected to determine if

resources are being managed or utilized economically and efficiently, and whether the goals and objectives specified by law or the organization are being met.

4. **Assistance and Analysis Inspection:** Assistance provided to other elements of the OIG or elements outside the OIG, as requested.
5. **General Management Inspection:** An inspection of a selected DOE Operations Office or other activity to evaluate the adequacy of resources, the allocation of the resources, the organizational structure, and the management processes of the Operations Office in relation to the mission and functions.
6. **Compliance Inspection:** An inspection designed to determine compliance with specific laws, regulations, policies, and procedures. This is an inspection that involves a set of specific tests and criteria, specified in a detailed Compliance Inspection Work Plan.
7. **Contractor Employee Reprisal Inquiries:** An inquiry into allegations by contractor employees of reprisal.

C. Continuing Responsibilities

In addition to conducting inspections, the Inspector General has assigned the Office of Inspections the following continuing responsibilities:

- OIG management referral system. Under this system, selected complaints/allegations received by the OIG through the OIG Hotline or from other sources may be referred to other agencies, DOE management, or OIG offices for action.
- Quarterly and "as required" reporting to the Intelligence Oversight Board in accordance with Executive Order 12863, "President's Foreign Intelligence Advisory Board."
- Oversight of the Department's intelligence activities conducted in accordance with Executive Order 12333, "United States Intelligence Activities."
- Oversight of the implementation of the DOE Contractor Employee Protection Program (10 C.F.R. part 708) and the contractor employee whistleblower protection provisions of section 6006 of the Federal Acquisition Streamlining Act of 1994.
- Reviews of existing and proposed legislation and regulations relating to the Department's programs and operations, as required by the Inspector General Act.
- Preparation and submission of the annual report on the grade, position, and office of each DOE employee detailed to any office or committee of the House or Senate. The report is submitted to the Appropriations Committees of the House and the Senate as required by Conference Report 101-906.

- Evaluation and processing of *qui tam* actions referred to the OIG. Pursuant to the provisions of the False Claims Act (codified at 31 U.S.C. 3729 et seq.), under which the Department of Justice reviews and responds to suits filed under the *qui tam* provisions of the Act.
- Review of professionalism and adequacy of training for security personnel, which was designated by a former President as a "recurring interest" item for agency Inspectors General in his November 1986 report entitled "Report to the Congress on the Nation's Counterintelligence and Security Countermeasures Plans, Programs, and Capabilities."
- Input into the Inspector General's review and assessment of DOE Federal Managers' Financial Integrity Act (FMFIA) Reportable Problems.
- Pursuant to Executive Order 12805, which established the President's Council on Integrity and Efficiency (PCIE), provide support, as directed by the IG, to PCIE projects and activities.
- Pursuant to the Department's implementation of OMB Circular A-50, "Audit Follow-up," the Office of Inspections follows up on recommendations made to management.
- Coordination responsibility for the following DOE offices as part of the process of implementing the "Inspectors General Vision and Strategies to Apply Our Reinvention Principles," dated January 1994, issued by the President's Council on Integrity and Efficiency:

Assistant Secretary for Energy Efficiency and Renewable Energy
 Assistant Secretary for Environment, Safety, and Health
 Assistant Secretary for Environmental Management
 Energy Information Administration
 Office of Civilian Radioactive Waste Management
 Office of Nonproliferation and National Security
 Office of Science Education and Technical Information

WORK TO BE PERFORMED

The Office of Inspections FY 1996 work is based on 39 FTEs available for a total of 10,140 staff days. Due to the increase in administrative allegations assigned to the Office of Inspections since FY 1994 and the responsibility for the management referral system being assigned to the office, we do not have staff days available to plan for any self-initiated inspections in FY 1996. However, self-initiated inspections may be opened if staff days become available.

New FY 1996 Planned Types of Inspections

1. **Administrative Allegation Based Reviews:** *Purpose:* To review the allegation/issues received concerning the Department's activities and operations. *Start Date:* October 1995 *Final Report Date:* September 1996
2. **Management Spin-offs from Administrative Allegations:** *Purpose:* To give a more in-depth review of an administrative allegation concerning the Department's activities and operations. *Start Date:* October 1995 *Final Report Date:* September 1996
3. **Legislative and Policy Review:** *Purpose:* To comply with the IG Act of 1978, as amended, and the PCIE Quality Standards for Federal Offices of Inspector General, the Office of Inspector General is required to review and comment on existing and proposed legislation and regulations relating to Department programs and operations. The Office of Inspections has the responsibility of coordinating this activity and preparing responses for the OIG. *Start Date:* October 1995 *Final Report Date:* September 1996
4. **Quarterly Intelligence Oversight Inspections:** *Purpose:* To determine if any DOE intelligence activities were contrary to Presidential directives, Executive orders, DOE orders, regulations, or laws. This is a quarterly assignment with the 4th quarter FY 95 being completed in FY 96. *Start Date:* July 1995 *Final Report Date:* July 1996
5. **Freedom of Information Act Requests:** *Purpose:* To provide appropriate information as required to respond to requests received under the Freedom of Information Act (FOIA). *Start Date:* October 1995 *Final Report Date:* September 1996
6. **FMFIA Input:** *Purpose:* To provide a list of any material management control weaknesses or accounting system deficiencies noted during the Fiscal Year inspections. Also, to provide a list of ongoing inspections that involve, or resulted from, serious management control deficiencies. The list identifies the Headquarters or Field organizations concerned in each instance. In addition, this assignment requires input into the Office of Inspector General's annual FMFIA letter to the Secretary. *Start Date:* August 1995 *Final Report Date:* October 1995
7. **DARTS Support Activities:** *Purpose:* To respond to the Department's Audit Report Tracking System's Status Reports. *Start Date:* November 1995 *Final Report Date:* September 1996
8. **Complaint Coordination Committee Support Activities:** *Purpose:* To evaluate the allegations that are received by the Inspector General and ascertain the IG organization best suited to handle the allegation. *Start Date:* October 1995 *Final Report Date:* September 1996

9. OIG Management Referral Response Review: *Purpose*: To review management responses for matters referred to management under the OIG Management Referral System. *Start Date*: October 1995 *Final Report Date*: September 1996
10. Customer Relations Activities: *Purpose*: To periodically meet with assigned "customers" to ascertain their concerns with ongoing projects or matters that concerns them. *Start Date*: October 1995 *Final Report Date*: September 1996
11. Special Inquiries: *Purpose*: To determine management's actions taken in response to allegations/issues. *Start Date*: October 1995 *Final Report Date*: September 1996
12. Subpoena Activity: *Purpose*: To assemble, analyze and prepare information as required to meet conditions of subpoena requests for documentation(s). *Start Date*: October 1995 *Final Report Date*: September 1996
13. OIG Management Referral System: *Purpose*: To manage the OIG Management Referral System and to prepare RR/RS letters to management. *Start Date*: October 1995 *Final Report Date*: September 1996
14. Senate/House Detailee Report: *Purpose*: To prepare required letter transmitting data to House and Senate appropriations committees. *Start Date*: January 1996 *Final Report Date*: March 1996
15. Quality Improvement/Manual Revisions: *Purpose*: To continuously evaluate the Office of Inspections Manual, prepare new chapters, and revise current chapters to reflect the Office of Inspections policies and procedures. *Start Date*: October 1995 *Final Report Date*: September 1996
16. MIS Activities: *Purpose*: To continuously implement and manage the Office of Inspections MIS including: identifying DBMS requirements, conducting equipment inventory, data administration, attending meetings of the OIG ADP group, and the control of computers. *Start Date*: October 1995 *Final Report Date*: September 1996
17. Qui Tam Processing: *Purpose*: To evaluate and process *qui tam* actions potentially involving the Inspector General. *Start Date*: October 1995 *Final Report Date*: September 1996

Carryover Inspections

The following inspections were started in FY 1995 or earlier and are expected to be worked on in FY 1996. These inspections are carryover management inspections. There are 58 carryover allegation based inspections that are not listed here. Additionally, open recommendations are being tracked for 34 inspections not listed.

18. STL Intelligence Inspection: *Purpose*: To review the intelligence activities conducted at the Special Technologies Laboratory (STL) in order to determine compliance with restrictions set forth in applicable laws, Executive orders, Presidential directives, and DOE orders. *Start Date*: September 1993 *Final Report Date*: October 1995
19. Inspection of Intelligence and Intelligence Related Projects Involving Human Subject Research: *Purpose*: To review the internal control processes used by the Office of Nonproliferation and National Security to manage selected intelligence and intelligence-related projects that involve human subject research. *Start Date*: March 1994 *Final Report Date*: December 1995
20. Oak Ridge Operations Office (ORO) Intelligence Inspection: *Purpose*: To review the intelligence activities conducted at ORO in order to determine compliance with restrictions set forth in applicable laws, Executive orders, Presidential directives, and DOE orders. *Start Date*: August 1995 *Final Report Date*: March 1996
21. SRS M&O Compliance with DOE Order 2030.4B: *Purpose*: To evaluate contractor compliance with Paragraph 6.c. of Department of Energy Order 2030.4B, "Reporting Fraud, Waste, and Abuse to the Office of Inspector General," at the Savannah River Site (SRS). *Start Date*: November 1994 *Final Report Date*: December 1995
22. SR - Utilization of ADP Resources: *Purpose*: To examine the use and disposal of ADP resources at the Savannah River Site (SRS). Also, to gather information concerning the SRS's participation in a Presidential program to make excess automated data processing equipment available to elementary and secondary schools. *Start Date*: March 1995 *Final Report Date*: December 1995
23. SR - Cost Reduction Program: *Purpose*: To review SR's Cost Reduction Incentive Program to determine whether: (1) the program conforms with approved HQ guidance and criteria; (2) proposal costs are supported and validated; (3) claimed costs are placed in "management reserve;" and (4) WSRC employees participate in WSRC's fees as provided by the contract. *Start Date*: April 1995 *Final Report Date*: March 1996
24. Intelligence - Related WFO Projects at Savannah River: *Purpose*: To review the intelligence activities conducted at Savannah River in order to determine compliance with restrictions set forth in applicable laws, Executive orders, Presidential directives, and DOE orders. *Start Date*: August 1995 *Final Report Date*: March 1996
25. Disposal of DOE Ethanol Plant: *Purpose*: To determine whether the disposal by the Department of the New Iberia Ethanol Plant was in accordance with applicable policies and procedures. *Start date*: August 1993 *Final Report Date*: December 1995
26. Identification of YMP Accomplishments: *Purpose*: To review the need for a management system to readily identify accomplishments of the Yucca Mountain Project (YMP). *Start Date*: November 1993 *Final Report Date*: May 1996

27. Federal Property Donation Program: *Purpose*: To review policies and procedures pertaining to donation of ADP equipment to elementary and secondary schools to assist in improving mathematics and science education. *Start Date*: January 1995 *Final Report Date*: November 1995
28. Intergovernmental Personnel Agreements: *Purpose*: To determine and review the Federal requirements for the temporary assignment of contractor employees at LLNL to DOE Headquarters and other Federal agencies. *Start Date*: March 1994 *Final Report Date*: June 1996
29. Use of Human Subjects in Research: *Purpose*: To review the manner in which Federal and DOE human subject research requirements are implemented under grants by DOE ER program offices and their contractors. *Start Date*: March 1994 *Final Report Date*: February 1996

OFFICE OF INVESTIGATIONS PLANNED FY 1996 WORK

INTRODUCTION

The Office of Investigations performs the statutory investigative duties relating to the promotion of economy and efficiency in the administration of programs and operations of the DOE and the prevention and detection of fraud, waste, and abuse. The Office investigates prohibited or improper activities against DOE by its contractors, vendors, employees, and any others who have relationships with DOE. Priority is given to investigations of any apparent or suspected criminal or civil violations of laws, especially procurement fraud; environmental, health, and safety matters; and matters which reflect on the integrity and suitability of DOE officials. Suspected criminal violations are promptly reported to the Department of Justice for prosecutive consideration.

Vision Statement

The vision statement of the Office of Investigations is designed to guide the organization and help ensure this it is the best that is can be. The vision is of building a positive, productive, and professional work environment where commitment to the pursuit of excellence guides our professional lives. The Office of Investigations' vision statement is as follows:

*The Office of Investigations produces quality investigations
which facilitate positive change.*

Mission Statement

The following presents the mission statement of the Office of Investigations:

*The Office of Investigations promotes the effective, efficient, and economical operation of
Department of Energy programs through quality investigations.*

Organization

At the end of Fiscal Year 1994, a new Assistant Inspector General for Investigations (AIGI) was appointed and, in Fiscal Year 1995, a new Deputy Assistant Inspector General for Investigations (DAIGI) was appointed. One of the first initiatives of this new management team was to study the existing organizational structure and determine if realignments were necessary to support changing missions and streamlining of operations. As a result of these studies, the Office of Investigations underwent major organizational and staffing changes in Fiscal Year 1995.

The primary organizational change within the Office of Investigations during Fiscal Year 1995 involved a realignment to a four region structure. The four regions and the Field and satellite offices associated with each region are as follows:

<i>Region:</i>	Northeast
<i>Field Office:</i>	Washington, D.C.
<i>Satellite Offices:</i>	Pittsburgh, Pennsylvania; Chicago, Illinois
<i>Region:</i>	Southeast
<i>Field Office:</i>	Oak Ridge, Tennessee
<i>Satellite Offices:</i>	Aiken, South Carolina (Savannah River); Cincinnati, Ohio
<i>Region:</i>	Northwest
<i>Field Office:</i>	Richland, Washington
<i>Satellite Offices:</i>	Idaho Falls, Idaho; Oakland, California
<i>Region:</i>	Southwest
<i>Field Office:</i>	Albuquerque, New Mexico
<i>Satellite Offices:</i>	Denver, Colorado

Special Agent in Charge (SAC) positions were established to manage each region, and Resident Agent in Charge (RAC) positions were established to manage the Field offices and larger satellite offices. Currently, due to budgetary constraints and a hiring moratorium, only two SAC positions have been staffed, requiring the on-board SACs to manage two regions each. There are currently six RACs in place. *(Note - For the purposes of this document, those offices either with a SAC in place or designated for a SAC, are identified as the Field office of the region.)*

The four regions are staffed with criminal investigators and administrative support personnel. It is the responsibility of the investigators within the regions to conduct investigations of specific allegations of violations of Federal law and serious administrative misconduct committed by DOE employees, contractors, vendors, and any others who have a relationship with the Department.

The Headquarters staff provides management oversight, technical direction, and administrative support to the regional investigative efforts.

The Office of Policy, Plans and Programs is the primary administrative arm of the Office of Investigations. In Fiscal Year 1995, a new Director, Office of Policy, Plans and Programs was hired. The responsibilities of that office were reevaluated and adjusted to more effectively address administrative initiatives. The Office of Policy, Plans and Programs now has responsibility for strategic plans, work plans, assessment reports, congressional reports, special studies, semiannual reports, weekly activity reports, action item reports, Freedom of Information Act requests, investigative files, criminal history and Dun and Bradstreet

searches, awards, performance matters, policy matters, training, budget, position descriptions, affirmative action matters, and quality management issues.

In Fiscal Year 1995, three new Desk Officers were appointed. Their primary duty is to provide guidance and direction to regional personnel regarding investigative techniques, policies, procedures, and methods. The Desk Officers also process requests for consensual monitoring approval, subpoenas, and special U. S. Marshal Deputization. Further, they monitor the progress of ongoing investigations and report findings and developments to Headquarters management.

With the hiring of the new DAIGI, the reporting structure for the regions and Headquarters entities was realigned. As a result of this realignment, the DAIGI assumed full management responsibility over the operations of the four regions and the SACs, the Director, Office of Policy, Plans and Programs, the Desk Officers, and the Hotline.

Staffing Levels

The Office of Investigations was authorized 69 full-time equivalents (FTE) for Fiscal Year 1995. Indications are that for Fiscal Year 1996 the Office will be authorized 67 FTEs. Currently, there are 67 employees on board, 54 are assigned as criminal investigators (6 at Headquarters and 48 in the Field), and 13 are assigned as support staff (8 at Headquarters and 5 in the Field.)

WORK TO BE PERFORMED

The Office of Investigations produces the following investigative reports:

- Report of Investigations: used to report investigative results to Federal, state and local prosecutors.
- Administrative Report to Management: used to report investigative findings to Department management.
- Memorandum of Investigative Activity: used to record investigative activity pertaining to a specific investigation.

Other products of the Office of Investigations are:

- Annual Work Plan.
- Annual Assessment Report.
- Weekly Activity Report.
- Semiannual Report to Congress.

- Investigative Policies and Procedures Manual.

Among the services of the Office of Investigations are the following:

- Operation of the OIG Hotline.
- Responding to requests from DOE management, Congress, General Accounting Office, White House, and the public.
- Assists OIG Audits/Inspection.
- Identification of opportunities for improving Department programs and operations.
- Investigative support for other agency and law enforcement investigations.
- Testimony/support for congressional hearings.
- Budget input.
- Evaluate *qui tam* matters affecting DOE.
- Input into *qui tam* initiatives.
- National Crime Information Center (NCIC) checks.
- Freedom of Information Act requests.
- Requests from the President's Council on Integrity and Efficiency.
- Automated Data Processing/Management Information System support.

The desired results of the Office of Investigation's products are:

- Improved programs and operations of the Department.
- Elimination of vulnerabilities in Department programs and operations.
- Reduced opportunities for fraud, waste, and abuse by Department employees, contractors, and others having a relationship with the Department.
- Timely investigations.
- Monetary fines, recoveries, and settlements.
- Factual, well written investigative reports.
- Quality investigations.
- Investigative recommendations accepted and implemented.
- Allegations/complaints resolved.
- Successful convictions/prosecutions.
- Contractor debarments/suspensions.
- Funds put to better use.

- Major positive change (policy, procedures, laws, regulations).
- Legislative compliance.
- Increased customer satisfaction.

During Fiscal Year 1995, the Office of Investigations increased attention to cases of criminal or civil violations of U. S. laws. Cases with the best potential for successful prosecution were given priority in the assignment of resources. As a result, the Office of Investigations experienced an increase in the number of cases being accepted for prosecution. For example, the previous four year average of cases accepted for prosecution was approximately 44 percent. In Fiscal Year 1995, that percentage climbed to approximately 68 percent.

During Fiscal Year 1996, Office of Investigations management will continue to study the organizational alignment and personnel resources of the office to ensure that efficient and effective operations are maintained in this time of downsizing and resource shortages. In this regard, in Fiscal Year 1996, one Headquarters Desk Officer will be reassigned to the Field as a RAC. With minor restructuring of the composition of the satellite offices, this action will provide more equitable management distribution within the regions.

In Fiscal Year 1996, the Office of Investigations will continue to promote the effective, efficient, and economical operation of Department programs and initiatives through the conduct of investigations and will continue to respond to Hotline complaints. The Office will also address new initiatives aimed at continuing to improve and streamline the investigative processes.

FY 1996 INVESTIGATIONS INITIATIVES

The following initiatives related to investigative activities will be addressed during Fiscal Year 1996:

Initiative 1

Internal Review Team Inspections of Regional Offices

Details: The Office of Investigations is finalizing the development of an Internal Review Team that will conduct on site inspections of regional offices with regard to the quality of the investigative, administrative, and management functions being performed. The DAIGI will be in charge of the Internal Review Team, and one RAC, one Desk Officer, and one Relief RAC will be designated to serve as aides. The aides will conduct the actual inspections. When the Internal Review Team notes a deficiency within an office regarding the performance of a specific criminal investigator or compliance with policies and procedures, the office will be issued a Schedule of Findings and will be required to take corrective action. Through the Internal Review Team inspections, the quality, effectiveness, efficiency, and timeliness of

completing investigations should be maintained and/or improved throughout the Office of Investigations.

Planned Activities: During Fiscal Year 1996, all Field and satellite offices within the Office of Investigations will undergo an inspection by the Internal Review Team.

Initiative 2

Establish Priority Thresholds for Opening Investigations

Details: In the face of potential cuts in investigative personnel and fiscal resources, the Office of Investigations is studying the establishment of priority thresholds for opening investigations. In such a scenario, prosecutorial merit and dollar thresholds would become the chief criteria for committing resources to investigations.

Planned Activities: Initial work on the development of priority thresholds was started at the end of Fiscal Year 1995. In Fiscal Year 1996, the development of the thresholds for opening investigations will be completed and presented to the Inspector General. The threshold criteria will identify which issues in an investigation are most likely to attract the interest of prosecutors, which will save the taxpayers the most money, and which will have the best potential for positive impact on the Department. Such a process has the advantage of being relatively simple to adjust in an environment of tightening resources because the OIG can raise the thresholds as fiscal constraints increase.

Initiative 3

Increase the Number of Cases Accepted for Prosecution

Details: As stated at the beginning of this section, during Fiscal Year 1995, the Office of Investigations increased its focus toward cases of criminal and civil violations of U. S. laws. As a result of this action, the number of cases that were accepted for prosecution increased to an all time high of 68 percent of those presented.

Planned Activities: The Office of Investigations will attempt during Fiscal Year 1996 to further increase the number of cases accepted for prosecution to approximately 75 percent.

Initiative 4

Obtain Selected Blanket Deputization

Details: During Fiscal Year 1995, the number of criminal investigators deputized increased to approximately 75 percent. In Fiscal Year 1994, this number stood at less than 50 percent. This increase is attributed to the fact that the Office of Investigations is handling a greater number of criminal related cases which require the Criminal Investigators to carry firearms and execute search and arrest warrants.

Planned Activities: During Fiscal Year 1996, Office of Investigations management will attempt to obtain blanket deputization on specific types of cases which historically have

shown that the investigators must have full law enforcement authority to execute their duties. Such blanket deputization would ultimately improve the efficiency and timeliness of conducting the investigations.

Initiative 5

Increase Interaction and Follow-Up With Prosecutors, DOE Managers, and Other Law Enforcement Personnel

Details: The successful conduct of an investigation may involve interaction with a variety of authorities and agencies before and during the course of the investigation for maximization of investigative resources and improvement of the quality of the investigation. In this regard, criminal investigators are required to initiate and maintain close working relationships with counterparts in other Federal, State, and local law enforcement organizations, judicial authorities, and DOE employee and contractor personnel. The investigators must also ensure that follow-up contact is made with regard to ongoing investigative activities.

Planned Actions: In Fiscal Year 1996, a more formalized approach for ensuring the criminal investigators and managers are, in fact, promoting and increasing their liaison support will be established. With the establishment of the Office of Investigations Internal Review Team, one of the functional areas to be inspected will be the extent to which criminal investigators and managers are developing and maintaining their contacts with our customers. During the Internal Review Team inspections, the DAIGI will conduct a review to determine the liaison contacts initiated by each investigator. The DAIGI will contact the prosecutors, DOE managers, and personnel from other agencies associated with the investigative work to gain feedback from them regarding their interaction with our investigators. This feedback will be used as the gauge to determine areas in which further improvements are required. Additionally, the performance plan of each criminal investigator will be amended and a critical element addressing liaison activities will be incorporated into each plan.

Initiative 6

Establishment of Annual Meetings of the SAC With Each DOE Manager Within Their Purview

Details: SACs routinely communicate with DOE managers within their respective regions telephonically. While such contacts are essential to meeting the mission of the office, face-to-face meetings at times build better rapport and a stronger sense of cooperation.

Planned Actions: In Fiscal Year 1996, the SACs will be required to establish annual meetings with the senior manager of facilities/sites within their respective regions. The purpose of these annual meetings will be to seek input from the DOE managers regarding their needs, perceptions, and expectations. During the Internal Review Team inspections, reviews will be conducted to verify that such meetings were held.

Initiative 7
Increase Participation in Benchmarking and Focus Group Meetings
Within the OIG Community

Details: Increasing contact with personnel from the OIG community enables us to expand our information sources with regard to investigative techniques, technological developments, and policies and procedures.

Planned Actions: In Fiscal Year 1996, the AIGI, DAIGI, SACs, RACs, and Desk Officers will expand on their contacts within the OIG community through added participation in benchmarking programs and focus group meetings.

Initiative 8
Establishment of Biannual Meetings of Management
With the Diversity Advocates

Details: The Diversity Advocate Program was created as a means of focusing on diversity and resolving issues unique to women and minorities, and addressing challenges associated with cultural and gender differences and personnel with special needs. Personnel from all regions serve as Office of Investigations Diversity Advocates. These individuals, along with the AIGI, administer the program.

Planned Actions: During Fiscal Year 1996, the Diversity Advocate Program within the Office of Investigations will be expanded to include biannual meetings of the advocates with the AIGI and the DAIGI. These biannual meetings will be for the purpose of discussing diversity issues that are paramount within the law enforcement profession, and also for the purpose of taking a proactive approach in discussing/addressing diversity issues that may affect the Office of Investigations.

Initiative 9
Establishment of an Office of Investigations In-House
Training Program

Details: During Fiscal Year 1995, the groundwork was laid in the Office of Investigations with regard to the establishment of an in-house training program on topics unique to investigative work. The specific courses to be taught were identified, personnel were selected to serve as instructors, and training of those instructors was initiated. A training coordinator within the office was also appointed.

Planned Activities: During Fiscal Year 1996, the in-house training program will be formally established. The bulk of the in-house training will be provided at the colloquium which is tentatively scheduled for the Fall of 1996. If no colloquium is held, the training will be provided at regional conferences. A training schedule will be developed and updates on the

program will be presented at each managers' workshop. It will be mandatory that all criminal investigators participate in the training sessions.

BUDGET ISSUES

In Fiscal Year 1995, the largest portion of Office of Investigations discretionary funds were used for travel. During the year it was necessary to reprogram funds to offset continued shortages in the travel account. There were three primary reasons that the travel account faced continued shortfalls in Fiscal Year 1995: 1) five "big ticket" cases required extensive travel, 2) a major colloquium was held at the beginning of the Fiscal Year, and 3) temporary duty (TDY) assignments of criminal investigators to work the Hotline required considerable travel funding.

Steps were taken to ensure that continued shortfalls in travel do not occur in Fiscal Year 1996. As example, the colloquium for Fiscal Year 1996 will be held at the end of the Fiscal Year if sufficient funds are still available. The TDY of criminal investigators has been suspended and, as a result, TDY costs are no longer being incurred. Investigative related travel, including the "big ticket" cases and all other more routine cases, will take priority with regard to travel funds. Priority funding will also be used to support travel of the Investigations Review Team, travel associated with three managers' workshops, and management oversight travel. The SACs and RACs will be required to closely monitor their travel funds and will ensure that the most cost effective means of travel is pursued by their staff personnel.

Funding in the area of contractual services for Fiscal Year 1996 will primarily involve the funds allotted for the NCIC system and for the colloquium.

The training funds for Fiscal Year 1996 will be used primarily to develop the instructors for the in-house training program, provide management training to new supervisors/team leaders, and provide some skill enhancement training.

 

OFFICE OF POLICY, PLANNING AND MANAGEMENT PLANNED FY 1996 WORK

INTRODUCTION

The Office of Assistant Inspector General for Policy, Planning and Management (AIGP) is a service-oriented organization which strives to meet or exceed the customers' expectations of quality and excellence. We work as a team to gain mutual trust and respect at all levels in a competent, ethical, fair, and courteous manner. We recognize the value of each individual as an integral part of the success of the office.

AIGP has been established to provide policy, planning, and management services to the Office of Inspector General (OIG) including providing media liaison and preparation of Semiannual Reports to Congress. AIGP develops and manages a comprehensive management information system for the OIG and provides computer expertise and support to all operational areas of the OIG. It also coordinates all activities of the President's Council on Integrity and Efficiency (PCIE) in which the Inspector General participates. AIGP formulates and implements policy in the areas of budget formulation and execution, short- and long-range resources and strategic planning, security, procurement, travel, training, responses to Freedom of Information and Privacy Act requests, development and dissemination of OIG policies and procedures, and administrative services. It also operates an independent personnel office and coordinates the Federal Managers' Financial Integrity Act (FMFIA) process within the OIG.

The Assistant Inspector General for Policy, Planning and Management chairs the OIG Quality Council and makes recommendations to the Executive Steering Committee, of which she is also a member, regarding various OIG quality process initiatives.

AIGP also performs special projects, such as those mandated or requested by Congress, the Secretary, the Department, or in connection with surveys and studies conducted by the various other Government offices, including work with other Offices of Inspector General in the President's Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency.

The OIG continues to implement reinvention initiatives, including emphasis on meeting or exceeding customer requirements and streamlining processes and improving operational efficiency to accommodate additional requirements and mandates using existing resources. However, the planning, programming, staffing and budgetary impacts resulting from these efforts are having considerable impact on the AIGP workload. As areas of the Department of Energy are downsizing, the OIG will respond with its own realignments, self-assessments, and reallocation of resources to meet the audit, inspection, and investigative needs of a realigned Department. Where AIGP had previously planned on supporting OIG staff and executing budgets which increased incrementally to support expanding OIG programs and operations, AIGP must now plan on assisting OIG staff to do more with less, which (in some cases) will

require an even greater level of support. The reality of streamlining and reinventing Government for the OIG is one of staffing/programmatic innovation, prioritization, and adjustment to find the right combinations which allow the OIG to continue to effectively carry out its congressionally mandated responsibilities. A significant challenge before AIGP in FY 1996 is to ensure that the OIG is supported administratively in such a way as to help the OIG accomplish its mission and objectives with fewer resources and without seriously compromising the quality or completeness of its programs and operations.

AIGP's plans for FY 1996 links its workload with OIG goals, objectives, and initiatives provided in the FY 1996 OIG Strategic Plan. AIGP's ongoing administrative requirements that do not change from year to year are not addressed in this work plan.

The AIGP organizational structure reflects the major categories of work that the Office performs. Therefore, the internal and external factors and the planned work itself, are grouped by Office. Planned workload and initiatives relating to information resources services are discussed first, followed by those relating to administrative and financial management services, and finally, human resources management services.

ORGANIZATION

AIGP is organized into three offices: Office of Information Resources, Office of Human Resources Management, and Office of Administrative Services. All AIGP personnel are located at Headquarters.

OFFICE OF INFORMATION RESOURCES (OIR)

The Office of Information Resources (OIR) is comprised of a staff of computer specialists and analysts working on software design, development, operations, documentation and training, planning, report control, and press liaison functions.

OIR develops and maintains OIG computer-related systems. It designs and recommends improvements in management information systems, such as the Data Base Management System (DBMS), and provides ADP support to all OIG operating elements in Headquarters and the field. The Office is responsible for all aspects of OIG ADP security. It also provides technical support services in procurement of hardware and software, statistical analysis, planning of program activities and evaluation of ongoing programs and activities. It designs, plans and conducts highly sophisticated computer-assisted studies and surveys of areas of vulnerability, identifies trends, and follows up on the effectiveness of corrective measures. The Office serves as the point of contact and responsible office for the implementation and optimization of all automated systems within the OIG, and it develops, as required, software and hardware systems to meet the ADP requirements of the functional elements of the OIG.

OIR is responsible for developing, monitoring, and evaluating AIGP operational plans (including the AIGP Annual Work Plan) and OIG strategic plans, and for overseeing the

development and issuance of OIG input to external plans and annual reports including the OIG Semiannual Report to Congress. The Office also provides liaison with the news media and the general public. As directed by the Inspector General and the Principal Deputy Inspector General, the Office reviews DIG and AIG Annual Work Plans before their issuance and DIG and AIG Annual Assessment Reports after their publication. The Office also coordinates operational and strategic planning with the budget process, with the FMFIA process, and with ADP planning.

OIR coordinates, develops, and reviews the implementation of OIG administrative policy through OIG directives; assists in the preparation of semiannual reports to the Congress of OIG activities, plans, and accomplishments; prepares reports to be submitted to the PCIE; and coordinates the distribution of reports and publications.

OIR is responsible for the preparation of yearly listings of OIG reports with management control implications, and assists in the review, analysis, and coordination of comments on, and clearances by, interested OIG elements on DOE draft orders, directives, and instructions. It also publishes the AIGP Newsletter which is distributed to all OIG employees.

OIR also provides customer service advocacy for the Office of Inspector General and produces planning and program guidance for the OIG, and performs ad hoc management studies. An OIR staff member also serves as the OIG's representative and point of contact for the Department's Customer Focus Initiative.

OFFICE OF ADMINISTRATIVE SERVICES (AS)

The Office of Administrative Services (AS) provides a full range of financial and support services to the OIG. AS formulates, presents, and executes the OIG budget, and ensures compliance with governing laws and regulations, and with sound fiscal policy. It also integrates financial and program management within the OIG, and prepares, maintains, and updates short- and long-range financial planning documents and information. The Office also administers all OIG travel and Permanent Changes of Station (PCS), processes OIG procurement actions, and coordinates the Small and Disadvantaged Business Program within the OIG.

AS also coordinates the responses to Freedom of Information Act (FOIA) and Privacy Act inquiries, manages the OIG records management program, including assuring that all OIG files and records conform with Departmental requirements and policies and Records Inventory and Disposition Schedule (RIDS) guidelines; maintains a reference library; manages OIG physical, document, and information security operations, including handling of classified information; administers and coordinates space and facilities management, including office moves; acquires supplies and services (e.g., furniture, telephone services, office supplies) for OIG components; provides property accountability; and provides other administrative services as needed.

The Office also has lead responsibility for managing major Department initiatives within the OIG, such as researching, compiling, and providing information to the public on highly

visible issues, and providing staff support to a variety of ad hoc committees established by the Department (e.g., security, records, and FOIA work groups).

OFFICE OF HUMAN RESOURCES MANAGEMENT (HRM)

The Office of Human Resources Management (HRM) provides a full range of personnel services to the OIG. It classifies and ensures certification of all OIG positions, GS-01 through GS-15, Senior Executive Service (SES), and Senior Level (SL). It establishes and implements a variety of outreach programs such as student employment, Affirmative Action for veterans and disabled individuals, Federal Equal Opportunity and Recruitment Program, and other special emphasis recruitment efforts to achieve a diversified and representative work force. The Office also ensures that OIG managers and supervisors meet their responsibilities as defined under the Civil Service Reform Act of 1978, Office of Personnel Management policies and regulations, DOE Orders, OIG directives, and other applicable guidance (which is currently in a rapidly evolving state, due to continuing adjustments being made as a result of the National Performance Review) pertaining to personnel management matters, including performance management.

HRM, in accordance with hiring authority statutorily mandated in the Inspector General Act of 1978 and authority delegated from the Office of Personnel Management, conducts nationwide recruitment, examining and hiring programs for filling career positions within the OIG; establishes, implements and administers a Merit Promotion Plan designed to ensure the fair and unbiased selection and promotion of employees; and designs and implements comprehensive employee development, training and upward mobility programs to provide OIG employees with opportunities for career progression. The Office also established and implements pay classification and position management within the OIG. HRM provides assistance and personnel advice to OIG managers and employees in resolving conflicts and grievances within their offices; and provides information about, and processes actions affecting, Federal employee benefits and retirement matters. HRM also coordinated Equal Employment Opportunity programs for the OIG.

PERFORMANCE MEASURES

Although AIGP is not required to complete the "OIG Performance Measures for DOE Business Strategies" matrix in the OIG Strategic Plan, AIGP has established a primary performance measure for each of its three offices (two in the Office of Information Resources). Results of these performance measures will be reported in the Fiscal Year 1996 AIGP Annual Assessment Report. The performance measures are as follows:

Process: ADP support

Outcome: Effective/secure ADP environment

Performance Measure: Meets information management standards and provides adequate hardware/software as defined by OIG ADP Steering Committee.

How to Measure: Number of OMB/DOE information standards met, and the number of OIG Information Resources Steering Committee hardware and software decisions accomplished.

Process: Planning

Outcome: Focused OIG programs and operations which conserve resources and provide timely and effective services to the Department.

Performance Measure: OIG program priorities are met as stated in the OIG Strategic Plan and AIGP Annual Work Plan.

How to Measure: Number of priorities met, as reported in Annual Assessment Report.

Process: Administrative support

Outcome: Provision of administrative OIG resources and services to allow OIG operations to continue effectively.

Performance Measure: Number of significant avoidable disruptions in operations due to lack of administrative services for which resources were available.

How to Measure: Number of avoidable disruptions in operations due to lack of administrative resources or services which were under the control of AS.

Process: Human resources management

Outcome: Competent and diverse OIG work force.

Performance Measure: Provides pool of qualified applicants for selection and provides adequate training opportunities.

How to Measure: Number of accepted certs versus number not accepted, and number of opportunities provided to accomplish OIG Annual Training Plan.

MAJOR INITIATIVES IN FISCAL YEAR 1996

Depending upon availability of resources, AIGP has plans for significant accomplishments in Fiscal Year 1996. The major thrusts of AIGP in Fiscal Year 1996 fall into two areas: (1) using improved automation to provide improved service and efficiency at reduced cost and with reduced staff resources (addressed under "better application of technology"), and (2) reviewing administrative processes and functions to streamline administrative operations. These areas will now be discussed in detail.

BETTER APPLICATION OF TECHNOLOGY

Our goals include using the latest technology and information processing concepts to improve the efficiency of the OIG. To that end, we will be using AIGP and selected other offices (such as Audit Policy, Plans and Programs) as a test bed to develop appropriate uses of Local Area Networks (LANs) and computer imaging applications. All AIGP offices are considering applications that use technology to enhance operations.

Office of Information Resources

OIR will acquire a LAN in the FY 1995-1996 time frame for use initially by OIR and the Office of Audit Policy, Plans and Programs, and will develop applications to improve the effectiveness of OIG processes and reduce costs. OIR also plans to acquire imaging technology which is being excessed by the Office of General Counsel, including scanners, "juke box" image data base management system and software, and possibly a minicomputer. Experimentation will include process control, forms automation, electronic mail, and data base development. Among the questions addressed will be whether the OIG DBMS can appropriately be run on a LAN, resulting in easier access, greater security, improved management control, improved functionality and cost savings.

OIR will also be conducting a study of OIG information requirements, known as the IRRS (Information Resource Requirements Study) to determine OIG needs for the foreseeable future. The broad view this study will provide is intended to prevent expensive and unnecessary dead-end paths.

OIR's long-term objectives for the OIG include a paperless office, significant reduction in travel expenditures, instantaneous file transfers, electronic validation, enhanced

communications, teleconferencing, electronic record keeping, easy access to DOE systems, easy access to Federal and corporate data, data security, increased productivity, decreased clerical procedures, increased customer responsiveness, use of mobile offices, and reduced administrative lead time.

Office of Human Resources Management

HRM will be completing a major review of its functions, and appropriate use of technology to improve its processes in FY 1996. This review is expected to include improved electronic communication with DOE personnel and other administrative offices, including general access to electronic data bases, electronic mail, file transfer, electronic forms and electronic authentication. In FY 1996 those items identified in the review will be implemented in priority sequence. Additionally, HRM has two initiatives to make better use of technology: (1) participate in a pilot project to use People Soft software as a front line personnel information system, and (2) participate in finalizing requirements to acquire a franchised Pay/Pers system Departmentwide.

Office of Administrative Services

AS will also be developing electronic connections with the Department in areas of budget, procurement, budget execution, and electronic filing. Progress in these areas will depend upon progress the Department makes in these areas.

STREAMLINING ADMINISTRATIVE PROCESSES

Almost every AIGP work process will be reviewed by an inter-disciplinary process improvement team or by an individual analyst. In FY 1996 reviews of the following work processes will continue in priority order:

- Property.
- Non-ADP procurement.
- Budget preparation and execution functions.
- Records management procedures, including electronic records, physical records, and all related procedures.
- Travel procedures, including approval, authorization, voucher processing and repayment procedures to take maximum advantage of changes in Departmental procedures, as well as self-initiated changes.
- Personnel processes.

These reviews are a continuation of a series of reviews begun in Fiscal Year 1995, and already resulting in some improvements. In addition to these process team reviews, a separate review of Freedom of Information processing procedures is planned.

OTHER ADMINISTRATIVE SERVICES PRIORITIES

1. Records Management

AS will continue to focus efforts on the two most critical records problems in the OIG, namely duplication of records and conformance with the Records Inventory Disposition Schedules (RIDS). Regular customer assistance reviews are planned oriented toward working with OIG components in a cooperative spirit to best accomplish these goals.

2. Freedom of Information Act

AS will continue working with OIG program offices to effect a smooth transition to a decentralized program and will continue overall coordination and management of the program.

3. Budget Execution

Because of strict budgetary constraints for FY 1996, AS will have to monitor expenditures very closely, and ensure that funding for the most critical operations remains adequate.

OTHER HRM INITIATIVES

HRM will shift from staffing and recruitment to policy development and implementation due to the elimination of major aspects of the Federal Personnel Management System.

CONTINUING ADMINISTRATIVE WORK

In addition to the above initiatives, a continuing level of administrative work will be required in areas of externally required reports, budget formulation and execution, travel processing, personnel processing, PCIE support, and information processing. The impact of these requirements is compounded by the impact of changes within and outside the Department. These changes will likely include budget reductions for outside support functions, automation and streamlining of some Departmental and Governmentwide administrative processes, and changes in governing policy issuances.

CUSTOMER SERVICE

AIGP strives to be customer focused. It exists to serve its internal customers and to make them more effective in serving customers outside the OIG. Every major publication issued by AIGP includes a Customer Service Response Form and procedures to provide feedback to AIGP so that the quality of work products can be enhanced to meet and exceed

customer requirements. In addition, Customer Focus Group meetings will continue to be held with the D/AIGs and their offices for the purpose of improving AIGP's performance. While the feedback from these meetings has generally been positive, AIGP is continually seeking to improve its quality and delivery of products and services through improved use of technology and streamlining of work processes. Trends and developments in customer satisfaction will be periodically reviewed and discussed in AIGP staff meetings using surveys and other sources of feedback. Opportunities to enhance the quality of AIGP products and services will be pursued.